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economic analysis of north american ski areas 1983-84 season

NSAA

Business Research Division
Graduate School of Business Administration
University of Colorado
Boulder, Colorado

NSAA

NATIONAL SKI AREAS ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
C. R. Goeldner, T. A. Buchman, and K. P. Duea

Business Research Division
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ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS
1983-84

EXECUTIVE SUMMARY

This 1983-84 survey is the sixteenth economic report to the ski industry. The data represent ski areas possessing 51 percent of the ski area capacity of the nation (see Table 2). Measured another way, by skier visits, the respondents to this survey reported total skier visits of 24.2 million compared with the 1983-84 NSAA End of Season National Business Survey estimated total of 50.6 million skier visits for the nation. This means the respondents to this survey received 48 percent of the skier visits in the nation in 1983-84. If the balance of the areas had similar experiences the ski industry processed gross revenues of $1,274 million and provided payrolls of $265 million.

This report follows the format of the previous reports to increase comparability and standardize measurements.

Response

The 1983-84 survey is based on complete and detailed financial data from 113 ski areas, a 4 percent decrease from the 1982-83 study.

Profitability

The ski industry recorded an average 7.7 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, up from the 5.8 percent in 1982-83, but not as high as the 14.6 percent in 1981-82. Seventy-three percent of the respondents reported operating profits which is better than the 62 percent in 1982-83. The average before tax profit was $290,425.

Utilization

Utilization was down to 34.9 percent from 38.1 percent in 1982-83. Equivalent days/nights of operation were up substantially to 133 from 117 in 1982-83. The increase in the number of operating days reflects the better snow conditions in the nation during the 1983-84 season.

Revenue

Average revenue per skier visit increased 4.4 percent to $15.73. Average total revenue from Table 26 was up 19.2 percent to $3,881,000. This increase was attributable to an increase in skier visits, again contrasting a good snow year in many areas against the previous poor year.

Average adult weekend day ski lift ticket prices were up 6.8 percent to $17.55.

Expenses

Cash operating costs averaged $4.18 per skier capacity per equivalent operating day/night. This critical measure is down 7.5 percent from the $4.52 of 1982-83 and is below the $4.19 of 1981-82. The cash operating costs decrease of 7.5 percent coupled with the increase of 4.4 percent in revenue per skier visit resulted in better operations results this year for many areas.

Highlights At a Glance

	1983-84 Respondents (000)	By Profitability: Top Half (000)	By Profitability: Bottom Half (000)	By Profitability: Loss (000)
Gross Fixed Assets	$9,103	$9,761	$8,323	$9,345
Total Gross Revenue	5,750	8,113	4,535	4,341
Less: Operating Expenses	5,045	6,409	4,050	4,654
Operating Profit (Loss)	705	1,704	485	(313)
Less: Interest	415	468	308	495
Profit (Loss) Before Tax	$ 290	$1,236	$ 177	$ (808)
Number of Respondents	(113)	(40)	(43)	(30)

Summary

The 1983-84 season was a better year than 1982-83 for many areas, although some regions continued to suffer losses, mostly as a result of poor snow conditions and warm weather. To illustrate the divergence in weather conditions this year all regions except California/Nevada and the Pacific Northwest increased their operating profit on GFA. The same is true of profit (before taxes) on equity (although the Northern Rockies had another loss year), primarily because the New England, East and Ontario, Midwest and Central Rockies regions reported an increased profit before taxes.

THE SKI AREA DOLLAR

Table A and the following pie charts illustrate the sources and uses of the ski area customer's dollar for the 1983-84 season.

TABLE A

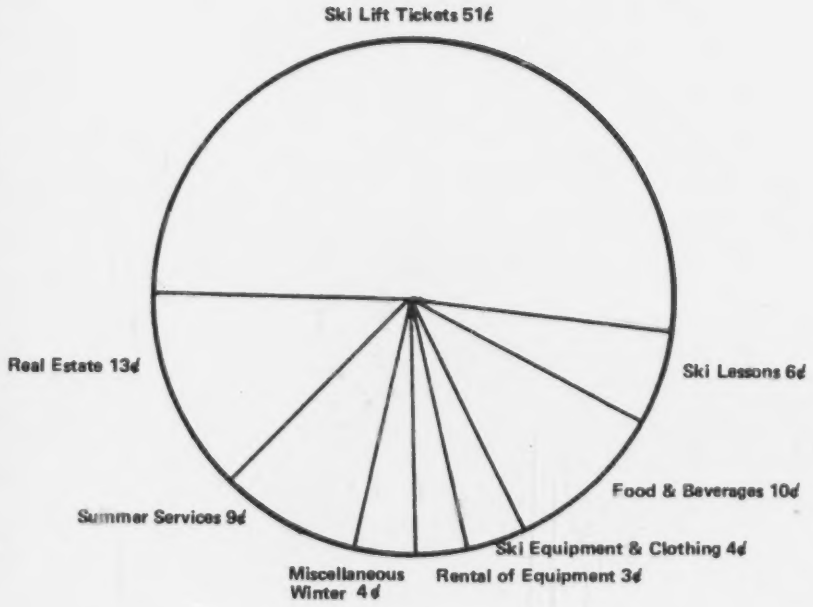
THE SKI AREA DOLLAR

	1983-84 Season	1982-83 Season	1981-82 Season	1980-81 Season	1979-80 Season
What It Buys					
Ski Lift Tickets	$0.51	$0.57	$0.54	$0.52	$0.58
Ski Lessons	.06	.06	.05	.05	.06
Food and Beverages	.10	.10	.10	.10	.11
Ski Equipment and Clothing	.04	.03	.03	.04	.04
Rental of Equipment	.03	.03	.03	.04	.04
Miscellaneous (Winter)	.04	.05	.05	.05	.05
Summer Services[a]	.09	.08	.09	.07	.06
Real Estate	.13	.08	.11	.12	.06
	$1.00	$1.00	$1.00	$1.00	$1.00
What It Pays For					
Labor (Payrolls)[b]	$0.24	$0.26	$0.25	$0.23	$0.25
Utilities, Supplies, Maintenance, etc.[c]	.17	.18	.18	.23	.17
Cost of Goods Sold	.14	.10	.09	.12	.10
General and Administrative	.11	.13	.09	.11	.10
Depreciation	.11	.11	.09	.10	.09
Interest	.07	.07	.06	.06	.06
Insurance	.02	.03	.02	.03	.03
Advertising/Marketing	.04	.05	.04	.04	.04
Land Use Fees	.02	.02	.02	.02	.02
Property and Other Taxes	.02	.03	.02	.02	.02
Income Taxes (50%)	.03	.01	.07	.02	.06
Profit (50%)	.03	.01	.07	.02	.06
	$1.00	$1.00	$1.00	$1.00	$1.00

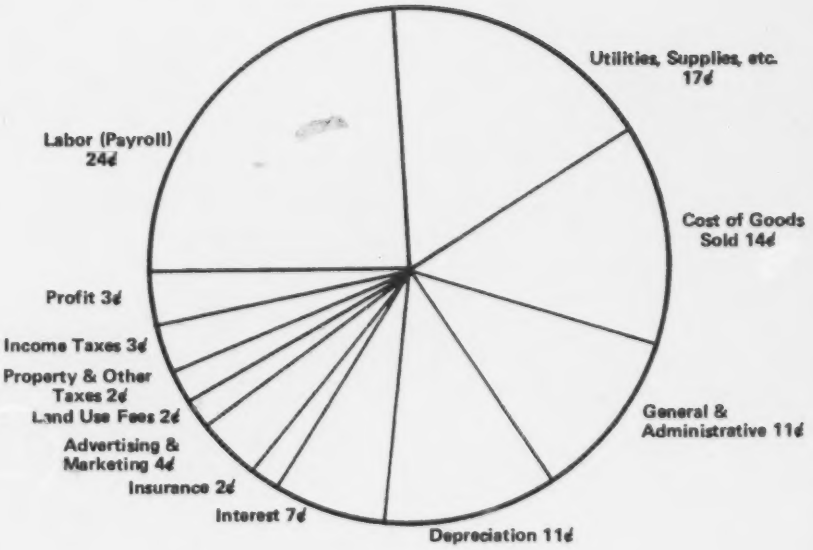
[a]Includes summer season plus utility department and miscellaneous.
[b]Includes direct labor, snowmaking labor and payroll taxes.
[c]Includes other direct property operations, snow removal, and snowmaking--power, maintenance, other.

THE SKI AREA DOLLAR
1983-84

What It Buys



What It Pays For



COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION
Cal Conniff, President

On a national average the 1983-84 season would have to be classified as one of our very best. Skier visits rose to a near record level of 50.6 million, just slightly below the 1981-82 record setting season with 50.7 million skier visits.

There is little doubt that the 1983-84 season would have been a record breaker were it not for adverse weather conditions in some regions. Most ski areas in Southern California experienced unseasonably warm temperatures that hampered snowmaking operations throughout the season, while operators in the east and midwest went into the all-important February President's vacation week with less than favorable weather. Despite these blips in the national ski industry business barometer many area operators had their best season ever.

At the close of the season confidence in the future obviously remained high. In preparation for the 1984-85 season over 140 million dollars was spent on capital improvements (real estate not included) with a 66 percent increase in lift installations over the previous construction season, record acres of new slopes and trails, and the largest expansion of base facilities ever.

The trend appears to be that many existing areas are consistently expanding and improving their facilities with the knowledge that committed skiers are likely to choose those areas that promise the latest in technology and skier comforts. Competition has become very keen among the areas and everyone is striving to build their share of the market.

VERMONT
George Donovan, Chief of Research, Division of Research and Statistics, Agency of Development and Community Affairs, Montpelier, Vermont.

Frequent snowstorms and low temperatures combined to make this a record ski season in Vermont. The week of Washington's Birthday, usually one of the best during the season, saw warm temperatures and some rain, but still February set a record monthly total with some 1.1 million skier days. The total number of alpine skier days is estimated at a record 4.15 million, some 4 percent more than the previous record of 4.0 million set in 1981-82. Corresponding skier expenditures are estimated at $230 million compared to $200 million in 1981-82. Out-of-staters spent about $64.50 per day, stayed an average of 2.4 days, and averaged 3.1 persons per trip.

The following tables detail attendance, expenditures, origins, lifts, and snowfall.

Season	Estimated Annual Skier Expenditures	Estimated Skier Days	Average Expend. per Skier Day
1976-77	$ 80,000,000	3,000,000	$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
1983-84	230,000,000	4,150,000	55.50
Vermonters	16,000,000	850,000	19.00
Out-of-Staters	214,000,000	3,300,000	64.50

SOUTHEASTERN SKI AREAS ASSOCIATION

Reba S. Moretz, Secretary/Treasurer

The 1983-84 ski season was a record year for many Southeastern ski areas. Most areas opened in early to mid-December and remained open through mid to late March. One area opened in late November and did not close until early April.

Shortly before Christmas subzero temperatures prevailed. This was good and bad—good in that all areas made an abundance of snow and bad in that a severe ice storm blanketed much of the Southeast and greatly hampered many ski vacation trips during the holiday period. This storm, along with discouragement from the weather media, greatly reduced skier visits. However, with the excellent snow conditions most areas had, it was still one of the better Christmas weeks.

Although cold weather permitted ski areas to have all slopes and trails open in early January, the North Carolina areas felt that skier visits seemed to be off for the conditions being offered. Areas in Virginia and West Virginia, however, reported record numbers of skiers at this time. The third week in January through early March many North Carolina areas had a steady increase in skier visits.

In mid-February warm weather and loss of base caused several areas to close and others that were able to continue operating were hurt by loss of snow. Prior to the last week in February there was very little natural snow. From then into early March there was snow nearly every day in many areas, which certainly helped to finish the season very strong.

In spite of extreme weather conditions during Christmas, very little natural snow, and warm days in February, most Southeastern areas had record numbers of skiers. This certainly speaks for the strength of the industry in the Southeast and for the snowmaking capability of the areas located there.

MIDWEST SKI AREAS ASSOCIATION
Paul Swanson, MSAA Staff

To summarize the 1983-84 skiing season here in the Midwest, I would say that overall the season was an average to good one. Certain areas, namely the Twin Cities area, received double the natural snowfall average, while the remainder of the region experienced an average amount of snowfall. All of the areas suffered greatly from the severe cold that inhibited skier visits during the all-important holiday period. The start of the season was an excellent one, given the immediate snow cover, allowing the areas to reach 100 percent capacity within two weeks of opening in the middle of November. Most regions had an excellent Thanksgiving holiday, which in our part of the country is vital. However, the spring season was not very good, to say the least. Excellent snow conditions prevailed, but skier traffic was minimal.

On the whole, record snows in certain areas did produce better than average attendance. As of February 1, 1984, areas were looking at record years, only to be greeted by warm weather which dampened enthusiasm. A one-sentence capsule could be "The Year That Could Have Been!"

COLORADO SKI COUNTRY USA
Robert Knous, President

The 1983-84 season witnessed a record 8.6 million skier days tallied at Colorado's 35 ski resorts. Aggressive marketing coupled with excellent snow conditions accounted for the Colorado ski industry's 5.08 percent increase over the previous season. These record figures were achieved in spite of a bitter cold period in the Denver area prior to the Christmas holiday and snow storms occurring 12 straight weekends from February to April.

A recent study by Browne, Bortz & Coddington estimated that the ski industry now contributes $1.24 billion annually to Colorado's economy. Additionally, 43,000 jobs, $124 million in state and local taxes, $190 million in airline ticket sales, and 100,000 rental car transactions are attributable to the state's ski industry.

The industry has invested over $50 million in expansion and improvements in anticipation of another excellent year for both resorts and consumers.

SKI UTAH
Danny Richardson, President

Snowbird's June 17 closing ended the 1983-84 Utah ski season with most of the resorts already well into their summer activities. The season was one of records. Ski Utah, Inc., estimated 2.48 million skier days were recorded in Utah during the eight month season, representing a 2.4 percent increase over the 82-83 adjusted season totals. Several of Utah's 16 ski areas reported their best year ever, including Brian Head Ski Resort, indicating the strength of skiing in southern Utah as well as at the popular areas in northern Utah.

In addition to the stability and in some cases growth in area's skier days, skier occupancy of lodges and hotels appeared to have grown considerably. Much of the increase in traffic can be directly attributed to the steady expansion of out-of-state skiers.

The record number of skier days and an abundance of snowfall highlighted the tremendous skiing conditions found throughout the season. In Little Cottonwood Canyon, both Alta and Snowbird ski areas received in excess of 700 inches of snowfall to set new yearly marks.

Skiers of Utah's famous powder need only wait until the 1984-85 season to find exciting new additions to the already wide variety of resorts and facilities offered in Utah. Along with new lifts to be found at Deer Valley opening the Mayflower Bowl, Park City will be installing a new triple chair in the Blue Slip Bowl area and the base facility for the Town lift, a two-year project. In Big Cottonwood Canyon, Brighton will celebrate its 40th anniversary with the installation of the long-awaited Snake Creek lift. Adjacent to Brian Head in Southern Utah, the first phase of Crystal Mountain, a new ski area, will include brand new base facilities.

The 1983-84 season was undoubtedly one of the best years ever in Utah skiing. With the expansion of facilities, coupled with aggressive marketing campaigns planned for the 1984-85 season, next year should top them all!

PACIFIC NORTHWEST SKI AREAS ASSOCIATION

Mel Borgersen, Executive Director

Total skier visits in Washington, Oregon and Western Idaho during the 1983-84 winter season were down approximately 3 percent from the previous winter.

Weather and snow conditions for the winter months were average. The majority of the ski areas enjoyed an early snowfall. Snow depths were 50 percent to 100 percent greater on December 15, 1983 than they were a year earlier. In December, 1982, "El Nino" brought high temperatures and severe storms to the West Coast of North America.

A good Christmas holiday season was interrupted by chinook winds and avalanches in the mountain passes on December 30, 1983. This was followed by a cold spell (15^{o} to 20^{o} in the Cascade Mountains) in January, which discouraged some skier attendance.

Spring skiing conditions were good to excellent, though some ski areas reported attendance as fair.

Some ski areas discounted lift tickets to a larger degree than in the past.

SIERRA SKI AREAS ASSOCIATION
Bob Roberts, Executive Director

The 1983-84 season in California and Nevada was checkered at best. The Gods were munificent in the North and downright penurious with the mountains of Southern California. Those areas which were blessed by timely and adequate snowfall reported solid skier counts. However, there was an undercurrent of concern that the market response was not what it should have been, given the snow conditions. Accordingly, most Sierra areas have been devoting substantial resources this summer to upgrading the product, re-targeting their markets, and tightening their internal operations.

The Southern California ski areas have mobilized their marketing efforts with the consumer suppliers to expand and protect their markets in the Southland.

It is fair to say that all Sierra ski areas have had their marketing levels of consciousness raised.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1983-84 season, has followed the format of the previous reports for ease in comparison.

The 1983-84 ski season contrasted with the erratic snow year recorded in 1982-83. A relatively good season was recorded in 1983-84 for the nation. Readers are urged to utilize the 1983-84 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 113 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Director, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309, or Thor Groswald, Winter Park, P.O. Box 36, Winter Park, Colorado 80482.

ACKNOWLEDGMENTS

This study would not have been possible without the help of many parties. Acknowledgment is made to the NSAA Economic Study Committee: Thor Groswold, Winter Park, Chairman; Curtis Bender, Colorado Mountain College; Mel Borgersen, Pacific Northwest Ski Areas Association; David L. Carto, Snow Trails; Cathy Cummings, NSAA; Chris Diamond, Mount Snow; Ted Farwell, Stratton Mountain; Rob Fernald, Sno-engineering; Dennis Harmon, Aspen Skiing Company; Marvin Kottke, University of Connecticut, and George McKay, British Columbia Ministry of Industry and Small Business Development, for their assistance with the development of the survey and its subsequent analysis. While all contributed, special mention goes to Thor Groswold and Cal Conniff for handling administrative details.

A special tribute goes to Tom Buchman and Karen Duea for their efforts in preparing the report. Many thanks go to Nancy Cress, Gin Hayden, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 113 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner, Director
Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the sixteenth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth through the fifteenth ones covering the 1973-74 through 1982-83 seasons. Consequently, this report focusing on the 1983-84 season represents the sixteenth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1983-84 season.

2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.

3. To improve understanding of ski area economics.

4. To provide a historical perspective.

5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1984. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1983-84 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University of Colorado's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 113 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
New England		Central Rockies	
Maine	2	Colorado	18
Massachusetts	4	New Mexico	4
New Hampshire	7		22
Vermont	6		
Quebec, Canada	1	Northern Rockies	
	20	Idaho	2
		Montana	4
East		Utah	4
New York	7	Wyoming	1
North Carolina	2		11
Pennsylvania	5		
Virginia	1		
West Virginia	1	California and Nevada	
Ontario, Canada	2	California	12
	18	Nevada	2
			14
Midwest			
Indiana	1	Pacific Northwest	
Iowa	1	Alberta, Canada	1
Kentucky	1	British Columbia, Canada	5
Minnesota	5	Idaho	1
Ohio	1	Oregon	3
South Dakota	1	Washington	5
Wisconsin	2		15
	13		

Usable responses were obtained from 113 ski areas. The 113 areas providing complete financial data represent a decrease from the 1982-83 study, which included 118 ski areas. Table 2 compares the VTF/Hour of our respondents to the total VTF/hour of the regions.

TABLE 2

SAMPLE RESPONSE BY CAPACITY
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	282,610	140,084	49.6%
East	236,780	72,047	30.4
Midwest	134,236	24,767	18.5
Rockies	486,475	300,192	61.7
West	398,376	250,861	63.0
	1,538,477	787,951	51.2%

Table 3 provides a measure of the validity of the 1983-84 study response by comparing capacity represented with the 1982-83 responses. The 118 ski areas with complete financial data in the 1982-83 study reported 732,421,000 VTF/hour and represented some 50.4 percent of total. The 1983-84 response represents 787,951,000 VTF/hour, about 51 percent of total capacity.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1983-84 VS. 1982-83
(000)

Region	1983-84 (VTF/Hour)	1982-83 (VTF/Hour)	Percent Change
New England	140,084	110,560	26.7%
East	72,047	68,681	4.9
Midwest	24,767	31,410	- 21.1
Rockies	300,192	273,783	9.6
West	250,861	247,987	1.2
	787,951	732,421	7.6%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 51.2 percent of the uphill skier capacity in the nation is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 113 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1983-84 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

VTF/Hour

The average ski area contained 6,973,018 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 4,258 skiers. Average VTF/hour was up slightly due to a growth in new capacity of 10.6 percent. Figures shown in Table 2 (page 3) were developed from the 23rd Annual Survey of New Lifts (*Ski Area Management*, January 1984) and indicate a growth of 84,953,000 VTF/hour, up 5.8 percent over 1982-83.

Table 5 contains a comparison with previous studies. Ski areas in the 1983-84 study varied in size from a low of 660,000 VTF/hour to a high of 32,451,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is $9,103,027 representing an average cost of $2,142 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of $312,000, while the largest had $77,156,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1983-84	1982-83	1981-82	1980-81	1979-80	USFS Permittees 1983-84
SIZE						
VTF/Hour (000)	6,973	6,207	6,159	5,704	4,968	8,779
Gross Fixed Assets (000)	$9,103	$7,706	$6,740	$5,543	$4,176	$11,840
LOCATION						
Within 50 Miles of SMSA	31%	32%	32%	31%	33%	18%
With 6+ Areas in 1 Hour	28%	29%	34%	29%	31%	26%
New England	18%	15%	17%	19%	18%	7%
East	16%	16%	13%	12%	14%	0%
Midwest	12%	13%	10%	12%	15%	4%
Rockies	29%	30%	33%	33%	28%	53%
West	26%	26%	27%	24%	26%	36%
SITE CHARACTERISTICS						
Number of Beds at Base	1,336	1,203	1,170	981	682	2,179
Number of Beds (10 Miles)	4,214	3,860	4,032	3,801	3,098	5,547
With Snowmaking	73%	68%	63%	55%	60%	58%
With a Night Operation	38%	38%	38%	36%	41%	20%
Terrain: Beginner	25%	26%	26%	25%	25%	22%
Intermediate	49%	49%	49%	49%	50%	49%
Expert	26%	25%	25%	26%	25%	29%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	49%	50%	53%	50%	50%	100%
Engaged in Land Development	34%	32%	37%	39%	34%	33%
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	133	117	130	98	113	141
Average Peak Day Crowd	4,466	4,166	4,291	3,785	3,620	5,300
Average Skier Visits (000)	214	194	207	151	178	282
Average Age of Ski Areas	26 years	24 years	23 years	23 years	22 years	26 years

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1983-84	1982-83	1981-82	1980-81	1979-80	USFS Permittees 1983-84
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$15.73	$15.06	$14.40	$12.59	$10.92	$15.82
Average Lift Ticket Revenue/Skier Visit	$13.61	$12.90	$12.46	$10.91	$ 9.25	$14.04
Average Adult Lift Ticket Price:						
Weekend	$17.55	$16.43	$15.60	$13.81	$12.05	$17.56
Weekday	$15.97	$14.89	$14.29	$12.46	$10.60	$16.92
Average Night Ticket Price						
Weekend	$ 9.62	$ 9.01	$ 8.42	$ 7.83	$ 6.94	$10.25
Weekday	$ 8.97	$ 8.47				$ 9.48
Average Adult Season Ticket Price	$ 349	$ 325	$ 327	$ 275	$ 236	$ 389
Average Utilization	35%	38%	40%	42%	48%	36%
Average Profit (Loss) Before Tax (000)	$ 290	$ 143	$ 679	$ 112	$ 348	$ 491
Ratio: Revenue/GFA	43%	42%	53%	40%	51%	43%
Base	(113)	(118)	(115)	(121)	(131)	(55)

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1983-84 Number of Areas	1983-84 %	1982-83 Number of Areas	1982-83 %	1981-82 Number of Areas	1981-82 %
Under 2,500	27	23.9%	31	26.3%	27	23.5%
2,500 - 3,999	14	12.4	25	21.2	23	20.0
4,000 - 5,499	23	20.4	19	16.1	20	17.4
5,500 - 9,999	28	24.8	22	18.6	41	35.7
10,000 and Over	21	18.6	21	17.8	4	3.5
	113	100.1%	118	100.0%	115	100.1%

as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 582 acres of developed ski slopes and trails. Currently these 582 acres support crowds of 4,250 skiers, creating an average density of 7.3/acre. Ski areas in the Midwest accommodate skiers at the average density of 28.0/acre, and New England areas at 24.5/acre, while the Western areas vary from 3.5/acre to 7.1/acre. Table 6 summarizes this data.

This year, for the first time, the questionnaire contained a question about total ski area size. The average size is 1,603 acres, the smallest area contained 25 acres and the largest 14,080 acres.

TABLE 6

SKI AREA ACREAGE AND CAPACITY

	Base	Average Skiable Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(113)	582	4,250	7.3
USFS Permittees	(55)	943	5,108	5.4
By Profitability				
Top Half	(40)	549	4,640	8.5
Bottom Half	(43)	721	4,147	5.8
Loss	(30)	426	3,876	9.1
By Geographic Region				
New England	(20)	184	4,504	24.5
East and Ontario	(18)	119	2,668	22.4
Midwest	(13)	68	1,905	28.0
Central Rockies	(22)	678	4,830	7.1
Northern Rockies	(11)	1,126	3,985	3.5
California and Nevada	(14)	1,053	5,938	5.6
Pacific Northwest	(15)	1,136	5,607	4.9
By Type				
Day	(53)	373	2,707	7.3
Weekend	(25)	426	4,124	9.7
Vacation	(35)	1,010	6,675	6.6
Snowmaking Areas				
New England	(20)	184	4,504	24.5
East and Midwest	(30)	99	2,370	23.9
West	(32)	1,013	5,726	5.7

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 7 shows the proportion of the sample areas by VTF/hour. For example 17.8 percent of the VTF/hour represented in the sample was located in New England.

TABLE 7

LOCATION OF SKI AREAS

Region	VTF/Hour (000)	%
New England	140,084	17.8%
East	72,047	9.1
Midwest	24,767	3.1
Rockies	300,192	38.1
West	250,861	31.8
	787,951	99.9%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

TABLE 8

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample		Day	Weekend	Vacation
	Number	%	%	%	%
0 - 24 miles	15	13.3%	24.5%	8.0%	0.0%
25 - 49 miles	20	17.7	18.9	20.0	14.3
50 - 74 miles	28	24.8	30.2	20.0	20.0
75 - 99 miles	20	17.7	15.1	24.0	17.1
100+ miles	30	26.5	11.3	28.0	48.6
	113	100.0%	100.0%	100.0%	100.0%

Note that 74 percent of the day areas are within commuting distance (75 miles) while the bulk of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9

PROXIMITY OF COMPETITIVE AREAS

Number of Areas Within 1 Hour Drive	Total Sample		Profitability		
			Top Profit	Bottom Profit	Loss
	Number	%	%	%	%
No Response	2	1.8%	2.5%	0.0%	3.3%
None	21	18.6	20.0	16.3	20.0
1	19	16.8	17.5	14.0	20.0
2 - 3	21	18.6	7.5	25.6	23.3
4 - 5	19	16.8	20.0	18.6	10.0
6+	31	27.4	32.5	25.6	23.3
	113	100.0%	100.0%	100.1%	99.9%

As in years prior to last year, the comparison by profitability in Table 9 supports the observation that the highest profitability occurs where the greatest clustering seems to create a more attractive package.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 10 summarizes this data. The number of beds at the base ranged from 0 to 32,000.

TABLE 10

SKI AREA LODGING CAPACITY

Number of Beds	At Base		Within 10 Miles	
	Number	%	Number	%
No Response	2	1.8%	4	3.5%
None	42	37.2	8	7.1
1 - 149	15	13.3	8	7.1
150 - 299	17	15.0	7	6.2
300 - 599	5	4.4	18	15.9
600 - 1,199	11	9.7	14	12.4
1,200 - 9,999	17	15.0	38	33.6
10,000+	4	3.5	16	14.2
	113	99.9%	113	100.0%

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 73 percent of the respondent areas, up from 68 percent last year. For areas with snowmaking, the average coverage was 99 acres and average operation was 840 hours in 1983-84.

Terrain

In general, 49 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 25 percent are beginner (easiest) and 26 percent expert (most difficult).

Business Characteristics

Site Ownership

Sixty-five percent of the areas responding operate on public land. Forty-nine percent are under permit from the U.S. Forest Service, while 11 percent lease state land, 3 percent Canadian land, and 3 percent other public land. The average USFS permittee reports 77.9 percent of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11

SITE OWNERSHIP

Ownership	Total Sample	New England	East	Midwest	Rockies	West
All Private	35.4%	45.0%	94.4%	69.2%	9.1%	6.9%
Public USFS Permit	48.7	20.0	0.0	15.4	87.9	69.0
State Land Lease	10.6	30.0	5.6	15.4	0.0	10.3
Canadian Lease	2.7	0.0	0.0	0.0	0.0	10.3
Other	2.6	5.0	0.0	0.0	3.0	3.4
	100.0%	100.0%	100.0%	100.0%	100.0%	99.9%
Base	(113)	(20)	(18)	(13)	(33)	(29)

Real Estate Operations

Thirty-eight ski areas (34 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern areas than western areas report land development activity. See Table 12.

TABLE 12

REAL ESTATE OPERATIONS

	1983-84		1982-83	1981-82
	Number	%	%	%
Engaged in Land Development	38	33.6%	32.2%	36.5%
First Home Residential Sites	15	13.3	12.7	-
First Homes	9	8.0	5.9	-
Second Home Residential Sites	30	26.5	22.9	25.2
Second Homes	11	9.7	8.5	8.7
Condominium Sites	27	23.9	22.0	24.3
Condominiums	25	22.1	15.3	18.3
Commercial Sites	14	12.4	12.7	14.8
Commercial Buildings	12	10.6	6.8	9.6
Not Engaged in Land Development	75	66.4	66.1	63.5
No Answer	-	-	1.7	-
Base	(113)		(118)	(115)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 26 years. Table 13 summarizes ski area age. Seven new areas (6.2 percent) have opened within the last five years.

TABLE 13

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

Years of Operation	1983-84		1982-83		1981-82	
	Number	%	Number	%	Number	%
1 - 5 years	7	6.2%	6	5.1%	9	7.8%
6 - 10 years	4	3.5	4	3.4	9	7.8
11 - 15 years	8	7.1	12	10.2	8	7.0
16 - 20 years	18	15.9	23	19.5	22	19.1
21 - 25 years	27	23.9	24	20.3	28	24.3
26 - 30 years	17	15.0	16	13.6	11	9.6
31 - 35 years	7	6.2	7	5.9	9	7.8
35 - 40 years	9	8.0	7	5.9		
Over 40 years	16	14.2	19	16.1	19	16.5
	113	100.0%	118	100.0%	115	99.9%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 49 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation were adjusted by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (38 percent) report night skiing capacity at 41 percent of day capacity. Thus, while the average ski area with lights was open 72 nights, this amounts to only 30 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 100 percent of actual days open (133 days divided by 132 days).

TABLE 14

DAYS/NIGHTS OF OPERATION

	Equivalent 1983-84		Equivalent 1982-83		Equivalent 1981-82	
	Number	%	Number	%	Number	%
Less than 80	7	6.2%	24	20.3%	7	6.1%
80 - 99	11	9.7	20	16.9	10	8.7
100 - 119	21	18.6	17	14.4	29	25.2
120 - 139	29	25.7	26	22.0	32	27.8
140 - 159	21	18.6	12	10.2	19	16.5
160 and Over	24	21.2	19	16.1	18	15.7
Base	113	100.0%	118	99.9%	115	100.0%

Again, length of season is somewhat positively correlated with profitability as the top half of the profitable areas had a season, based on equivalent days, that was 12 percent greater than the loss areas. Pacific Northwest ski areas had the longest season, averaging 152 equivalent days/nights (down from last year's 160 days/nights), while the Midwest had the shortest, 123 days/nights. All regions, except California/Nevada and the Pacific Northwest, had an increase in their days/nights of operation.

TABLE 15

ACTUAL VS. EQUIVALENT DAYS OF OPERATIONS

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open	Nights of Operation (41%)
Average Ski Area	133	93	29	10	132	27
USFS Permittees	141	110	26	9	145	20
Profitability:						
Top	138	91	31	12	134	32
Bottom	136	96	29	12	137	27
Loss	123	90	27	7	124	23
Location:						
New England	125	82	36	18	136	16
East and Ontario	125	60	37	17	114	51
Midwest	123	69	23	8	100	44
Central Rockies	139	119	18	4	141	6
Northern Rockies	143	123	15	4	142	32
California/Nevada	130	99	28	4	131	18
Pacific Northwest	152	99	42	18	159	38
Type:						
Day	129	81	24	9	115	39
Weekend	132	88	38	8	135	29
Vacation	141	113	29	15	157	10

[a]This figure is the sum of days, open at various capacities, plus nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. This assumption is similar to the past studies and is based on the observation that skiers demand different amounts of skiing based upon their ability level, and further that this demand varies from ski area to ski area and region to region. The demand used to approximate regional experience is:

Geographic Region	Approximate Demand
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West	1,500 VTF/hour

TABLE 16

MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd As % of Calculated Capacity	Comfortable Crowd As % of Calculated Capacity
Total Sample	4,466	4,258	4,250	105%	100%
USFS Permittees	5,300	5,011	5,108	104	98
Profitability:					
Top	5,365	4,971	4,640	116	107
Bottom	4,537	4,218	4,147	109	102
Loss	3,164	3,365	3,876	82	87
Location:					
New England	4,685	4,042	4,504	104	90
East	4,211	3,841	2,668	158	144
Midwest	1,911	1,823	1,905	100	96
Central Rockies	5,468	5,366	4,830	113	111
Northern Rockies	3,771	3,943	3,985	95	99
California/Nevada	5,667	5,329	5,938	95	90
Pacific Northwest	4,704	4,763	5,607	84	85
Type:					
Day	3,279	3,059	2,707	121	113
Weekend	4,213	3,945	4,124	102	96
Vacation	6,442	6,297	6,675	97	94

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 105 percent of calculated capacity. The ski area operators' estimated comfortable capacity is 100 percent of calculated capacity.

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17

SKIER VISITS/SEASON

Skier Visits (000)	1983-84 Number	1983-84 %	1982-83 %	1981-82 %	1980-81 %
0 - 24.9	7	6.2%	9.3%	8.7%	14.9%
25 - 49.9	11	9.7	9.3	7.0	14.1
50 - 99.9	22	19.5	21.2	20.9	20.7
100 - 199.9	33	29.2	28.0	27.8	25.6
200 - 499.9	30	26.5	22.9	26.1	19.0
500+	10	8.8	9.3	9.6	5.8
	113	99.9%	100.0%	100.1%	100.1%
Average Skier Visits (000)	214		194	207	151

Growth

The last seven surveys contain a measure of growth. For the eighth time, the respondents were asked for their skier visit count over the past five years. This year, for the second time, respondents were asked for a separate count of day and night skiers. The first part of Table 18 gives the total skier visits (both day and night) reported by the 113 respondents broken down by categories. The second part of the table gives day skier visits and the third part night skier visits for those areas who could provide this breakout.

TABLE 18

GROWTH IN USAGE

		Skier Visits[a]				
	Base	1983-84 (000)	1982-83 (000)	1981-82 (000)	1980-81 (000)	1979-80 (000)
		Total				
Total Sample	(113)	214	201	211	160	199
USFS Permittees	(55)	282	281	275	200	280
By Profitability:						
Top Half	(40)	265	236	253	186	234
Bottom Half	(43)	208	198	204	159	200
Loss	(30)	155	157	166	123	145
By Geographic Region:						
New England	(20)	196	146	196	147	119
East	(18)	163	131	161	141	133
Midwest	(13)	60	50	58	55	65
Central Rockies	(22)	339	324	296	210	317
Northern Rockies	(11)	202	206	175	138	183
California/Nevada	(14)	281	305	352	271	344
Pacific Northwest	(15)	199	205	206	133	203
By Type:						
Day	(53)	125	115	124	96	124
Weekend	(25)	192	185	210	156	174
Vacation	(35)	367	341	337	259	328

TABLE 18 (Continued)

GROWTH IN USAGE

	Base	Skier Visits[a] 1983-84 (000)	1982-83 (000)	1981-82 (000)	1980-81 (000)	1979-80 (000)
			Day			
Total Sample	(110)	205	193	204	155	192
USFS Permittees	(54)	276	273	267	196	270
By Profitability:						
Top Half	(39)	254	227	242	182	229
Bottom Half	(41)	198	190	198	156	192
Loss	(30)	150	151	160	119	140
By Geographic Region:						
New England	(20)	184	137	194	146	116
East	(17)	139	114	142	126	117
Midwest	(12)	44	39	42	40	49
Central Rockies	(22)	339	323	295	209	315
Northern Rockies	(11)	195	199	168	134	175
California/Nevada	(14)	276	299	343	260	334
Pacific Northwest	(14)	178	183	183	126	173
By Type:						
Day	(51)	105	99	108	86	106
Weekend	(24)	186	180	202	148	167
Vacation	(35)	363	338	334	257	326
			Night			
Total Sample	(40)	35	31	36	28	37
USFS Permittees	(10)	43	45	51	32	62
By Profitability:						
Top Half	(16)	31	25	35	28	29
Bottom Half	(13)	57	51	53	39	59
Loss	(11)	14	14	16	14	17
By Geographic Region:						
New England	(6)	38	29	31	21	24
East	(13)	43	34	42	35	36
Midwest	(9)	18	13	18	13	17
Central Rockies	(1)	15	21	16	16	28
Northern Rockies	(3)	27	27	24	14	28
California/Nevada	(2)	35	46	43	50	52
Pacific Northwest	(6)	47	56	56	25	85
By Type:						
Day	(28)	37	30	34	24	39
Weekend	(8)	32	31	36	30	29
Vacation	(4)	27	24	25	31	25

[a]Day Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a day/night breakdown. Night skier visits are only for those areas operating at night who could provide break between day and night skier visits.

The average area reported an increase of 6 percent in skier visits in 1983-84. This represents the best performance of the last five years as measured by skier visits.

The New England, East, Midwest and Central Rockies areas experienced increases in skier visits, with the Central Rockies and East reporting their best performance in five years. Declines in skier visits were reported in the Northern Rockies, California/Nevada and the Pacific Northwest.

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. Respondents also provided weekday and weekend night ticket prices and season pass rates. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19

SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1983-84	1982-83	1981-82	1980-81
Ski Lift Ticket Price:				
Day Weekend	$17.55	$16.43	$15.60	$13.81
Day Weekday	15.97	14.89	14.29	12.46
Night Weekend	9.62	9.01	8.42	6.83
Night Weekday	8.97	8.47		
Season Pass	348.91	324.86	327.00	275.46
Average Ski Lift Ticket Revenue/S-V	13.61	12.90	12.46	10.91
Realized Revenue Vs. Weekend Day Price	77.5%	78.5%	79.9%	79.0%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of $10.00 to a high of $26.00. Thirty-one percent of the ski areas responding charged $20 or more for their lift tickets.

TABLE 20

ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

Ticket	1983-84		1982-83	1981-82	1980-81	1979-80
Price	Number	%	%	%	%	%
Less than $10	0	- %	2.5%	0.9%	5.8%	19.1%
$10.00 - 11.99	5	4.4	5.1	9.6	12.4	24.4
$12.00 - 13.99	7	6.2	9.3	13.0	23.1	29.8
$14.00 - 15.99	20	17.7	25.4	28.7	32.2	17.6
$16.00 - 17.99	28	24.8	19.5	18.3	14.9	7.6
$18.00 - 19.99	18	15.9	20.3	19.1	9.9	1.5
$20.00 - 21.99	21	18.6	8.5	6.1	1.7	-
$22.00 - 23.99	8	7.1	7.6	4.4	-	-
$24 and over	6	5.3	1.7	-	-	-
	113	100.0%	99.9%	100.1%	100.0%	100.0%

Profits

Seventy-two (64 percent) of the 113 ski areas reported profits in 1983-84. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21

DOLLARS OF PROFIT (BEFORE TAX)

	1983-84		1982-83	1981-82	1980-81	1979-80
Profit (000)	Number	%	%	%	%	%
Loss	41	36.3%	53.4%	30.4%	54.5%	42.0%
$0 - 24.9	5	4.4	5.1	4.4	1.7	4.6
$25 - 49.9	1	0.9	2.5	1.7	7.4	5.3
$50 - 99.9	6	5.3	5.1	4.4	2.5	6.9
$100 - 149.9	7	6.2	2.5	7.8	5.8	9.2
$150 - 249.9	8	7.1	3.4	12.2	4.1	5.3
$250 - 349.9	9	8.0	6.8	5.2	6.6	2.3
$350 - 999.9	20	17.7	10.2	15.7	8.3	11.5
$1,000 - 1,999.9	10	8.8	5.1	9.6	5.8	7.6
$2,000 - 9,999.9	6	5.3	5.9	7.0	3.3	5.3
$10,000+	0	0.0	0.0	1.7		
	113	100.0%	100.0%	100.1%	100.0%	100.0%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski area. Ski touring is the most prevalent activity at the area. Swimming and tennis follow at the area. Golf ranks first nearby, followed by snowmobiles, tennis, swimming and ski touring.

TABLE 22

OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
	Areas Offering Activity			
Toboggans/sleds	6.8%	11.8%	0.0%	6.3%
Snowmobiles	6.8	2.9	0.0	15.6
Ice skating	17.0	11.8	0.0	34.4
Ski touring	77.3	70.6	77.3	84.4
Golf	25.0	11.8	22.7	40.6
Tennis	42.0	23.5	27.3	71.9
Swimming	46.6	29.4	36.4	71.9
Water sports	12.5	8.8	9.1	18.8
Summer slide	15.9	11.8	22.7	15.6
Other	29.5	26.5	31.8	31.3
	Activity Offered Nearby			
Toboggans/sleds	35.4%	36.2%	34.8%	34.5%
Snowmobiles	67.7	53.2	82.6	79.3
Ice skating	54.5	36.2	73.9	69.0
Ski touring	63.6	66.0	56.5	65.5
Golf	71.7	68.1	69.6	79.3
Tennis	64.6	66.0	69.6	58.6
Swimming	64.6	61.7	82.6	55.2
Water sports	60.6	59.6	65.2	58.6
Summer slide	28.3	27.7	21.7	34.5
Other	12.1	6.4	13.0	20.7

For the second time, respondents were asked to provide information about computer usage at their ski areas (Table 23). Eighty-two percent of the 1983-84 respondents reported use of a computer compared to 52 percent of the 1980-81 respondents. The most popular applications continue to be accounts payable, payroll, and accounts receivable. Popular answers reported under other were general ledger, financial statements, mailing lists, word processing, reservations, inventory, budgets and snowmaking.

Fifty-five different brands or models were mentioned in 1983-84, while 21 were given in 1980-81. Several areas (10 percent) also reported using more than one computer. The top computers mentioned were IBM PC (14.3 percent), IBM S34 (12.2 percent), Apple III (7.1 percent), and HP 3000, IBM S36 and IBM S38 (each 4.1 percent).

TABLE 23

COMPUTER USE AND APPLICATIONS

	1983-84		1980-81	
	Number	%	Number	%
Use a computer	93	82.3%	63	52.5%
No computer use	20	17.7	57	47.5
	113	100.0%	120	100.0%
Own computer	81	87.1%		
Timeshare computer	9	9.7		
Both	1	1.1		
No answer	2	2.1		
	93	100.0%		
		Percent of Users		Percent of Users
Applications:				
Payroll	66	71.0%	54	85.7%
Accounts receivable	57	61.3	24	38.1
Accounts payable	71	76.3	41	65.1
Forecasting	39	41.9	11	17.5
Market research	23	24.7	4	6.3
Ticket sales	31	33.3	20	31.7
Other	66	71.0	44	69.8
Base	(93)		(63)	

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1983-84 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1983-84 season represents 113 ski areas that provided complete usable data representing 12 months of income and expenses. These 113 areas represent a decrease from the 118 completely usable questionnaires for 1982-83.

The 113 ski areas represent approximately 51 percent of the ski area capacity in North America. If this relationship were to hold for the balance of the capacity, then the ski area business in the United States has an investment of some $2.0 billion, processes revenues of $1,274 million, and has an annual payroll of $265 million.

This chapter first presents the average income statement (Table 24) and the average area lift and revenue expense statement (Table 25) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 55 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 26 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 27 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 27 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 24

AVERAGE AREA INCOME STATEMENT (000)

	1983-84 Total	1983-84 Season Percent	1982-83 Total	1982-83 Season Percent	1981-82 Season Percent	1980-81 Season Percent
Revenue	$5,750	100.0%	$4,439	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor[a]	$1,194	20.8%	$1,025	23.0%	21.6%	22.7%
Other Direct Expenses[b]	1,957	34.0	1,321	29.8	28.1	34.2
Total Direct Expenses	$3,151	54.8%	$2,346	52.8%	49.7%	56.9%
Gross Margin	$2,599	45.2%	$2,093	47.2%	50.3%	43.1%
Other Expenses						
General & Administrative	$ 652	11.3%	$ 595	13.4%	10.0%	10.8%
Marketing	245	4.3	203	4.6	4.0	4.4
Insurance	126	2.2	112	2.5	2.0	2.7
Forest Service Fees	75	1.3	64	1.4	1.2	1.3
Private Land Rental	22	0.4	20	0.4	0.3	0.4
Property & Other Taxes	130	2.3	118	2.7	2.2	1.9
Interest	415	7.2	300	6.8	6.4	6.2
Depreciation	607	10.6	511	11.5	8.9	10.6
Miscellaneous Expense	37	0.6	27	0.6	1.2	1.3
Total Other Expense	$2,309	40.2%	$1,950	43.9%	36.2%	39.5%
Pre-Tax Profit (Loss)	$ 290	5.0%	$ 143	3.2%	14.1%	3.6%
Base	(113)		(118)		(115)	(121)

[a]Includes direct labor and snowmaking labor.

[b]Includes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 25

AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1983-84 Total	1983-84 Season Percent	1982-83 Total	1982-83 Season Percent	1981-82 Season Percent	1980-81 Season Percent
Lift Revenue						
Winter	$2,918	99.1%	$2,502	99.1%	98.8%	98.5%
Summer	27	0.9	22	0.9	1.2	1.5
Total	$2,945	100.0%	$2,524	100.0%	100.0%	100.0%
Lift Expense						
Direct Labor (Winter)[a]						
Lift	$ 176	6.0%	$ 161	6.4%	6.5%	7.4%
Ski Patrol	90	3.0	82	3.2	3.2	3.6
Slope Maintenance	70	2.4	61	2.4	2.5	2.5
Maintenance & Repair	105	3.6	100	4.0	3.7	4.4
Ticket Sales	38	1.3	37	1.5	1.5	1.4
Other	35	1.2	31	1.2	1.6	2.0
Total (Winter)	$ 515	17.5%	$ 472	18.7%	19.0%	21.2%
Direct Labor (Summer)	$ 21	0.7%	$ 12	0.5%	0.5%	0.6%
Other Direct Expense	$ 357	12.1%	$ 224	8.9%	10.2%	12.4%
Gross Margin - Lifts	$2,052	69.7%	$1,816	71.9%	70.3%	65.8%
Base	(113)		(118)		(115)	(121)

[a]Does not include payroll taxes.

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT

	1983-84 Total (000)	1982-83 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	$9,103	$7,706	18.1%	$11,840	$_____
Revenue:					
Ski Lift Gross - Winter	$2,918	$2,502		$3,962	$_____
Ski Lift Gross - Summer	27	22		43	_____
Supporting Margin - Winter	518	456		537	_____
Supporting Margin - Summer	54	40		0	_____
Year Round Margin	364	236		570	_____
TOTAL REVENUE	$3,881	$3,256	19.2%	$5,112	$_____
Less:					
Ski Lift Direct Expense	$ 819	$ 708		$1,140	$_____
Ski Lift Payroll Taxes	90	111		124	_____
Property Operation	224	218		220	_____
OPERATIONS MARGIN	$2,748	$2,219	23.8%	$3,628	$_____
Less:					
General & Administrative	$ 651	$ 595		$ 945	$_____
Marketing (advertising, public relations, promotion, etc.)	245	203		265	_____
Insurance (property, liability)	126	112		162	_____
Land Use Fees (public)	75	64		127	_____
Land Use Fees (private)	22	20		13	_____
Property Taxes	79	62		108	_____
Other Taxes (except income)	50	56		64	_____
Snowmaking	137	114		88	_____
Snow Removal	13	12		15	_____
Miscellaneous	37	27		32	_____
Depreciation & Amortization	607	511		819	_____
OPERATING PROFIT (LOSS)	$ 705	$ 443	59.1%	$ 990	$_____
Less: Interest	415	300		499	_____
PROFIT (LOSS) BEFORE TAX	$ 290	$ 143	102.8%	$ 491	$_____
Base	(113)	(118)		(55)	

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
1983-84

	Plus:		Less:				Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Payroll Taxes (000)	Gross Margin (000)
WINTER SEASON							
Ski Lift Dept.	$2,918	$ -	$ -	$ 515	$ 271	$ 86	$2,046
Ski School	313	1	-	170	23	29	92
Food Service	468	23	172	135	48	20	115
Bar	120	6	34	18	11	3	60
Retail	203	14	109	23	8	3	74
Rental	188	8	24[a]	36	11	6	119
Accommodations	162	3	-	45	48	10	62
Other	93	3	7	51	33	9	(4)
Sub-total	$4,465	$ 58	$ 346	$ 993	$ 454	$ 166	$2,564
YEAR-ROUND							
Real Estate	$ 744	$ -	$ 406	$ 25	$ 42	$ 2	$ 269
Utility	42	0	-	10	29	2	1
Miscellaneous	121	0	13	7	5	2	94
Sub-total	$ 907	$ 0	$ 419	$ 42	$ 76	$ 6	$ 364
SUMMER SEASON							
Lift Department	$ 27	$ -	$ -	$ 21	$ 12	$ 4	$ (10)
Food Service	105	1	40	44	14	6	2
Retail	19	1	11	4	3	1	1
Sports	40	0	-	15	18	3	4
Accommodations	72	1	-	21	21	5	26
Slide	34	0	0	8	3	2	21
Other	21	0	2	10	6	2	1
Sub-total	$ 318	$ 3	$ 53	$ 123	$ 77	$ 23	$ 45
TOTALS	$5,688	$ 62	$ 817	$1,158	$ 605	$ 197	$2,973
Base	(113)	(113)	(113)	(113)	(113)	(113)	(113)

[a]Represents retirement and replacement of rental equipment.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to $6.75 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 28 and 29 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 7 percent, or 15 years average life.

Revenue

Average revenue as shown in Table 26 was up 19.2 percent. A check of the 1983-84 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	43%	÷	35%	=	1.23	Good
Top Half Profit	55%	÷	40%	=	1.38	Excellent
Bottom Half Profit	39%	÷	34%	=	1.15	Good
Loss	30%	÷	29%	=	1.03	Fair

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF REVENUE

	1983-84 Total	1982-83 Total	1983-84 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	75.2%	76.8%	77.5%	_____%
Ski Lift Gross - Summer	0.7	0.7	0.8	_____
Supporting Margin - Winter	13.3	14.0	10.5	_____
Supporting Margin - Summer	1.4	1.2	0.0	_____
Year Round Margin	9.4	7.3	11.2	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	21.1%	21.7%	22.3%	_____%
Payroll Taxes	2.3	3.4	2.4	_____
Property Operation	5.8	6.7	4.3	_____
OPERATIONS MARGIN	70.8%	68.2%	71.0%	_____%
Less:				
General & Administrative	16.8%	18.3%	18.5%	_____%
Marketing (advertising, public relations, promotion, etc.)	6.3	6.2	5.2	_____
Insurance (property, liability)	3.2	3.4	3.2	_____
Land Use Fees (public)	1.9	2.0	2.5	_____
Land Use Fees (private)	0.6	0.6	0.2	_____
Property Taxes	2.0	1.9	2.1	_____
Other Taxes (excepi income)	1.3	1.7	1.3	_____
Snowmaking	3.5	3.5	1.7	_____
Snow Removal	0.3	0.4	0.3	_____
Miscellaneous	1.1	0.9	0.6	_____
Depreciation & Amortization	15.6	15.7	16.0	_____
OPERATING PROFIT (LOSS)	18.2%	13.6%	19.4%	_____%
Less: Interest	10.7	9.2	9.8	_____
PROFIT (LOSS) BEFORE TAX	7.5%	4.4%	9.6%	_____%
Base	(113)	(118)	(55)	

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF GROSS FIXED ASSETS

	1983-84 Total	1982-83 Total	1983-84 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	32.1%	32.5%	33.5%	_____%
Ski Lift Gross - Summer	0.3	0.3	0.4	_____
Supporting Margin - Winter	5.7	5.9	4.5	_____
Supporting Margin - Summer	0.6	0.5	0.0	_____
Year Round Margin	3.9	3.1	4.8	_____
TOTAL REVENUE	42.6%	42.3%	43.2%	_____%
Less:				
Ski Lift Direct Expense	9.0%	9.2%	9.6%	_____%
Payroll Taxes	1.0	1.5	1.1	_____
Property Operation	2.4	2.8	1.9	_____
OPERATIONS MARGIN	30.2%	28.8%	30.6%	_____%
Less:				
General & Administrative	7.2%	7.7%	8.0%	_____%
Marketing (advertising, public relations, promotion, etc.)	2.7	2.6	2.2	_____
Insurance (property, liability)	1.4	1.5	1.4	_____
Land Use Fees (public)	0.8	0.8	1.1	_____
Land Use Fees (private)	0.2	0.3	0.1	_____
Property Taxes	0.9	0.8	0.9	_____
Other Taxes (except income)	0.5	0.7	0.5	_____
Snowmaking	1.5	1.5	0.7	_____
Snow Removal	0.1	0.2	0.1	_____
Miscellaneous	0.5	0.3	0.3	_____
Depreciation & Amortization	6.7	6.6	6.9	_____
OPERATING PROFIT (LOSS)	7.7%	5.8%	8.4%	_____%
Less: Interest	4.5	3.9	4.2	_____
PROFIT (LOSS) BEFORE TAX	3.2%	1.9%	4.2%	_____%
Base	(113)	(118)	(55)	

The 1983-84 ratio of revenue to GFA (43 percent) increased slightly from the 1982-83 figure (42 percent), but was way below the 1981-82 figure (53 percent). This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses were up 9 percent, while revenues increased over 19 percent, so the operating margin increased over 24 percent. (See Table 26.)

Balance Sheet

Balance sheet data is summarized in Table 30. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.0/1.

Table 31 summarizes the traditional measures of business health.

TABLE 30

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET

	1983-84 (000)	Total Percent	1982-83 (000)	Total Percent	USFS Permittees (000)
Assets					
Current Assets	$1,210	13.3%	$1,047	13.3%	$ 1,553
Gross Fixed Assets	9,330	103.1	7,923	100.9	11,840
Less: Depreciation	(3,331)	(36.8)	(2,590)	(33.0)	(4,059)
Other Assets	1,837	20.4	1,469	18.7	2,051
TOTAL ASSETS	$9,046	100.0%	$7,849	100.0%	$11,385
Liabilities & Net Worth					
Current Liabilities	$1,262	14.0%	$1,023	13.0%	$ 1,226
Long-Term Debt	3,088	34.1	2,434	31.0	4,020
Subordinated Debt	642	7.1	620	7.9	537
Deferred Taxes	200	2.2	144	1.8	276
Other Liabilities	386	4.2	237	3.0	565
Net Worth					
Invested	2,025	22.4	1,953	24.9	2,558
Retained Earnings	1,443	16.0	1,438	18.3	2,203
TOTAL LIABILITIES & NET WORTH	$9,046	100.0%	$7,849	100.0%	$11,385
Base	(109)		(113)		(55)

TABLE 31

BALANCE SHEET RATIOS

	1983-84	1982-83	1981-82	1980-81
Net Working Capital (000)	$ (52)	$ 24	$170	$ 71
Current Ratio	1.0/1	1.0/1	1.2/1	1.1/1
Percent Debt	62%	57%	51%	56%
Percent Equity	38%	43%	49%	44%
Debt to Cash Flow	4.2X	4.7X	1.9X	4.5X

U.S. Forest Service Permittees

Again, the 1983-84 study contained a separate computer run for the 55 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are remarkably similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 32 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 26 and 30. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

This year separate utilization percentages are reported for day and night. This is in addition to the figure that has always been reported: Average Utilization. The data reported for day utilization and night utilization is based on information reported by those areas that could provide a break between day and night skier visits.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).

2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.

3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 32

ECONOMIC RATIOS

	Construction Key	Total 1983-84	Total 1982-83	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	6,973	6,207		8,779	____
VTF/Hour - Demand/Skier Capacity	B	1,641	1,616		1,719	____
Skier Capacity	C	4,250	3,841		5,108	____
Days/Nights of Operation	D	133	117		141	____
Season Capacity (000)	E	614	509		773	____
Day Season Capacity (000)		571			732	____
Night Season Capacity (000)		114			209	____
Actual Skier Visits (000)	F	214	194	10.3%	282	____
Day Skier Visits (000)		205			276	____
Night Skier Visits (000)		35			43	____
Profit (Loss) Before Tax (000)	G	$ 290	$ 143	102.8%	$ 491	$____
Plus: Depreciation (000)	H	$ 607	$ 511		$ 819	$____
Before Tax Cash Flow (000)	I	$ 897	$ 654		$ 1,310	$____
Operating Profit (Loss) (000)	J	$ 705	$ 443	59.1%	$ 990	$____
Cash Operating Costs (000)	K	$2,569	$2,302		$ 3,303	$____
Gross Fixed Assets (000)	L	$9,103	$7,706		$11,840	$____
Long Term Debt (000)	M	$3,730	$3,054		$ 4,557	$____
Equity (000)	N	$3,468	$3,391		$ 4,761	$____
Critical Ratios						
1. Health (Debt to Cash Flow)		4.2X	4.7X		3.5X	____ X
Profitability:						
2. Operating Profit on GFA		7.7%	5.7%	35.1%	8.4%	____ %
3. Profit (BT) on Equity		8.4%	4.2%	100.0%	10.3%	____ %
Performance:						
4. Average Utilization		34.9%	38.1%		36.5%	____ %
Day Utilization		35.9%			37.7%	____ %
Night Utilization		30.7%			20.6%	____ %
5. Days/Nights of Operation		133	117		141	____

TABLE 32 (Continued)

ECONOMIC RATIOS

	Construction Key	Total 1983-84	Total 1982-83	Percent Change	USFS Permittees	Your Ski Area
Policy and Planning:						
6. Capital/Capacity Ratio		$2,142	$2,006		$2,318	$_____
7. Operating Cost/Capacity Ratio		$ 4.18	$ 4.52	- 7.5%	$ 4.27	$_____
Revenue/Skier Visit:						
Ski Lift Gross		$13.61	$12.90	5.5%	$14.04	$_____
Ski School Margin		$ .43	$ .47		$ .43	$_____
Food Service Margin		$ .54	$ .59		$ .45	$_____
Bar Margin		$ .28	$ .23		$ .24	$_____
Ski Shop Margin		$ .34	$ .27		$ .30	$_____
Ski Rental Margin		$ .55	$ .48		$ .39	$_____
Other Margin		$ (.02)	$ .12		$ (.03)	$_____
8. Total - Revenue/Skier Visit		$15.73	$15.06	4.4%	$15.82	$_____
Base		(113)	(118)		(55)	

a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.

b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings. The reader should be aware of the fact that because of the areas' accumulated losses, 33 percent of the respondents reported negative retained earnings and 13 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey included nights of operation. The 1977-78 survey incorporated both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 113 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

5. Days/nights of operation are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, comfortable skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 16.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

   This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1983-84 the ski industry improved in its ability to retire debt. Average debt obligations are 4.2 times the before tax cash flow. Thus, cash flows are adequate to retire debt in approximately 8 years. (They must first be used to pay income taxes.)

2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is 7.7 percent. This is an increase over last year's 5.7 percent.

   Profit before tax on equity is at 8.4 percent, up considerably from last year's 4.2 percent, but well below 1981-82's rate of 21.8 percent.

3. Ski Industry Performance: Average skier visits were up by 10.3 percent, the result of a much longer average season.

4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

   The daily cash operating cost/capacity ratio at $4.18 is down from 1982-83's $4.52 index and is also below the $4.19 recorded in 1981-82. The change by category looks like this:

	Cash Cost/Season Capacity			
	1983-84	1982-83	1981-82	Change
Ski Lift Direct	$1.33	$1.39	$1.49	Down 4%
Payroll Taxes	.15	.22	.22	Down 32%
Property Operation	.37	.43	.32	Down 14%
Snowmaking and Snow Removal	.24	.25	.23	Down 4%
General & Administrative, & Miscellaneous	1.12	1.21	1.03	Down 7%
Marketing	.40	.40	.37	Unchanged
Insurance	.20	.22	.19	Down 9%
Land Use Fees	.16	.17	.14	Down 6%
Property Taxes	.13	.12	.10	Up 8%
Other Taxes	.08	.11	.10	Down 27%
	$4.18	$4.52	$4.19	

5. Revenue per skier visit: The 1983-84 revenue per skier visit was up 4.4 percent. Overall margins (except "other") all increased. Additional analysis is presented in Chapter VI.

TABLE 33

REVENUE PER SKIER VISIT

	1983-84	1982-83	1981-82	1980-81
Ski Lift Gross	$13.61	$12.90	$12.46	$10.91
Ski School Margin	.43	.47	.39	.32
Food Service Margin	.54	.59	.45	.39
Bar Margin	.28	.23	.25	.22
Ski Shop Margin	.34	.27	.25	.22
Rental Margin	.55	.48	.47	.43
Other Margin	(.02)	.12	.13	.10
	$15.73	$15.06	$14.40	$12.59
Base	(113)	(118)	(115)	(121)

V

PROFITABILITY

The 1983-84 ski season recorded profits that were up from 1982-83, with 73 percent of the reporting ski areas showing operating profits. Operating profit on Gross Fixed Assets was 7.7 percent for the average ski area in the study, 17.5 percent for the top half of the profitable ski areas and 5.8 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical but hopefully more meaningful way. The definition is operating profit and results in 30 areas with a loss rather than the 41 using profit before income taxes. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, the majority will be found at the end of the chapter.

The proportion of ski areas showing profits increased from 1982-83. Table 34 summarizes six profit indicators.

TABLE 34

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1983-84	1982-83	1981-82	1980-81
Ski Areas Reporting Operating Profits	73.5%	61.9%	84.4%	61.2%
Operating Profit on GFA	7.7	5.7	14.6	5.5
Profit (BT) on Equity	8.4	4.2	21.8	4.8
Profit (BT) on GFA	3.2	1.9	10.1	2.0
Profit (BT) on Revenue	7.5	4.4	18.9	5.1
Profit (BT) in Dollars (000)	$290	$143	$679	$112
Base	(113)	(118)	(115)	(121)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 35 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 36 through 39 contain income statement and balance sheet data in these three categories. The 83 profitable ski areas were considered profitable based upon their ability to show an operating profit (i.e., before subtracting interest). Eleven of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 40 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable cause for higher profitability.

Probable Cause	Measure	Index[a]
1. Equivalent Days/Nights	138 days/nights	1.04
2. Revenue/Skier Visit	$16.66	1.06
3. Capital Cost/Capacity Ratio	$2,104	0.98
4. Size (VTF/Hour) (000)	7,558	1.08
5. Available Beds	4,324	1.03

Resulting Effect	Measure	Index[a]
Average Utilization	39.8%	1.14
Operating Profit (000)	1,704	2.42
Operating Profit on GFA	17.5%	2.27

[a] The index represents the relationship of this measure to the average ski area measure.

In each "cause" measure (except Size) the top profit ski areas gained again in 1983-84.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they can effect profits dramatically.

1. Length of Season: Typically the top profit ski areas enjoy a relatively longer season. The 40 top profit ski areas recorded 138 "equivalent" days/nights of operation, which was 4 percent above the average and 12 percent above the loss areas. These 138 days/nights were 1 percent above the 137 "equivalent" days/nights recorded in 1982-83. The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown in Chapter VIII (Table 76) where the 24 ski areas that operated between 100-119 days recorded a 9.2 percent operating profit on gross fixed assets; the 28 areas that ran between 140-159 days recorded an 8.3 percent return; and the 22 areas that operated over 160 days had an 8.1 percent return.

2. Revenue Per Skier Visit: As in the past the most profitable ski areas also had the highest average revenue per skier visit. The 1983-84 revenue per skier visit increased 5.5 percent for the loss areas from 1982-83, but 8.0 percent for the top profit areas and increased 3.6 percent for the bottom profit areas.

3. Capital Cost/Capacity Ratio: The top half profit areas were below the industry average, while the loss ski areas were well above the average Capital Cost/Capacity ratio in 1983-84. This was coupled with a higher operating cost/capacity ratio, an additional cause of decreased profitability.

4. Type and Size of Area: The profitable ski areas are found again to be the larger ski areas with a greater base skier housing capability.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a lower utilization rate and a lower revenue per skier visit. The cause is not readily apparent. The index or relative measures of the five variables identified as the major reasons for the success of the bottom profit areas are summarized on the following page.

None of these factors alone explain the poorer profitability. However, the combination of a low revenue per skier visit, slightly lower utilization and fewer days of operation creates only marginal profits. Profits were aided by a relatively low operating cost/season capacity ratio.

Probable Cause	Measure	Index
1. Equivalent Days/Nights	136 days/nights	1.02
2. Revenue/Skier Visit	$14.26	0.91
3. Capital Cost/Capacity Ratio	$2,007	0.94
4. Size (VTF/Hour) (000)	6,733	0.97
5. Available Beds	3,029	0.72

Resulting Effect	Measure	Index
Average Utilization	33.5%	0.96
Operating Profit (000)	$485	0.69
Operating Profit on GFA	5.8%	0.75

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

Probable Cause	Measure	Index
1. Equivalent Days/Nights	123 days/nights	0.92
2. Revenue/Skier Visit	$16.47	1.05
3. Capital Cost/Capacity Ratio	$2,411	1.13
4. Size (VTF/Hour) (000)	6,537	0.94
5. Available Beds	5,788	1.37

Resulting Effect	Measure	Index
Average Utilization	28.8%	0.83
Operating Profit (000)	($313)	-
Operating Profit on GFA	Loss	-

All five causes again combine to create losses.

1. Length of Season: The shorter operating season is again the major cause. The 30 loss areas averaged 90 days of full operation; 27 days of less than full but better than half open; 7 days of less than half open; and 23 nights of operation. Their equivalent days/nights amounted to 99 percent of actual days open.

2. Revenue/Skier Visit: While past studies identified discounting as a cause of lost revenue, this was not the case in 1983-84. Revenue per skier visit is 105 percent of the industry average, showing continued improvement over last year's 102 percent.

3. Cost Factors: A major shortcoming of the loss areas involves an investment about 3 percent higher than average, coupled with extremely high cash operating cost of $4.51 per skier visit, 8 percent higher than the average ski area.

These identified basic short-comings combine to have a devastating effect on utilization and profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	Total	Top Profit	Bottom Profit	Loss
Number of Areas	113	40	43	30
Total Revenue/GFA	43%	55%	39%	30%
Utilization	35%	40%	34%	29%
Factor	1.23	1.38	1.15	1.03
Judgment	Good	Excellent	Good	Fair

A factor of less than 1.00 indicates one or more critical characteristics are out of balance. Most factors are up from 1982-83 levels, illustrating the cumulative effect of the weather and perhaps some economic recovery.

TABLE 35

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	6,973	7,558	6,733	6,537
Gross Fixed Assets (000)	$9,103	$9,761	$8,323	$9,345
Skiable Acres	582	549	721	426
Total Acres	1,603	1,777	1,647	1,307
LOCATION				
Within 50 Miles of SMSA	31%	30%	33%	30%
With 6+ Areas in 1 Hour	28%	33%	26%	24%
New England	18%	23%	21%	7%
East	16%	20%	14%	13%
Midwest	12%	13%	9%	13%
Central Rockies	19%	18%	16%	27%
Northern Rockies	10%	5%	14%	10%
California and Nevada	12%	13%	9%	17%
Pacific Northwest	13%	10%	16%	13%
SITE CHARACTERISTICS				
Number of Beds at Base	1,336	1,851	624	1,698
Number of Beds (10 miles)	4,214	4,324	3,029	5,788
With Snowmaking	73%	80%	70%	67%
With Night Skiing	38%	43%	35%	37%
Terrain: Beginner	25%	27%	25%	22%
Intermediate	49%	46%	50%	53%
Expert	26%	27%	25%	25%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	49%	45%	56%	43%
Engaged in Land Development	34%	33%	37%	30%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	133	138	136	123
Average Peak Day Crowd	4,466	5,365	4,537	3,164
Average Skier Visits (000)	214	265	208	155
Average Age of Ski Areas	26 years	23 years	29 years	25 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$15.73	$16.66	$14.26	$16.47
Average Lift Ticket Revenue/Skier Visit	$13.61	$14.26	$12.40	$14.44
Average Adult Lift Ticket Price:				
Weekend	$17.55	$17.99	$17.44	$17.13
Weekday	$15.97	$16.43	$15.84	$15.54
Average Night Ticket Price:				
Weekend	$ 9.62	$10.63	$10.02	$ 7.50
Weekday	$ 8.97	$ 9.87	$ 9.42	$ 6.96
Average Adult Season Ticket Price	$ 349	$ 356	$ 319	$ 323
Average Utilization	35%	40%	34%	29%
Average Profit (Loss) Before Tax	$ 290	$1,236	$ 177	$ (808)
Ratio: Revenue/GFA	43%	55%	39%	30%
Base	(113)	(40)	(43)	(30)

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA--INCOME STATEMENT
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	$9,103	$9,761	$8,323	$9,345	$_____
Revenue:					
Ski Lift Gross - Winter	$2,918	$3,782	$2,584	$2,246	$_____
Ski Lift Gross - Summer	27	35	32	10	_____
Supporting Margin - Winter	518	729	414	386	_____
Supporting Margin - Summer	54	79	61	13	_____
Year Round Margin	364	764	139	154	_____
TOTAL REVENUE	$3,881	$5,389	$3,230	$2,809	$_____
Less:					
Ski Lift Direct Expense	$ 819	$1,022	$ 764	$ 625	$_____
Payroll Taxes	90	133	82	47	_____
Property Operation	224	241	219	213	_____
OPERATIONS MARGIN	$2,748	$3,993	$2,165	$1,924	$_____
Less:					
General & Administrative	$ 652	$ 681	$ 495	$ 839	$_____
Marketing (advertising, public relations, promotion, etc.)	245	283	242	199	_____
Insurance (property, liability)	126	149	102	129	_____
Land Use Fees (public)	75	106	62	51	_____
Land Use Fees (private)	22	16	31	18	_____
Property Taxes	79	79	65	101	_____
Other Taxes (except income)	50	65	25	67	_____
Snowmaking	137	198	112	91	_____
Snow Removal	13	17	11	10	_____
Miscellaneous	37	50	22	41	_____
Depreciation & Amortization	607	645	513	691	_____
OPERATING PROFIT (LOSS)	$ 705	$1,704	$ 485	$ (313)	$_____
Less: Interest	415	468	308	495	_____
PROFIT (LOSS) BEFORE TAX	$ 290	$1,236	$ 177	$ (808)	$_____
Base	(113)	(40)	(43)	(30)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Percent of Gross Fixed Assets				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	32.1%	38.7%	31.0%	24.0%	_____%
Ski Lift Gross - Summer	0.3	0.4	0.4	0.1	_____
Supporting Margin - Winter	5.7	7.5	5.0	4.1	_____
Supporting Margin - Summer	0.6	0.8	0.7	0.2	_____
Year Round Margin	3.9	7.8	1.7	1.7	_____
TOTAL REVENUE	42.6%	55.2%	38.8%	30.1%	_____%
Less:					
Ski Lift Direct Expense	9.0%	10.5%	9.2%	6.7%	_____%
Payroll Taxes	1.0	1.4	1.0	0.5	_____
Property Operation	2.4	2.4	2.6	2.3	_____
OPERATIONS MARGIN	30.2%	40.9%	26.0%	20.6%	_____%
Less:					
General & Administrative	7.2%	7.0%	5.9%	9.0%	_____%
Marketing (advertising, public relations, promotion, etc.)	2.7	2.9	2.9	2.1	_____
Insurance (property, liability)	1.4	1.5	1.2	1.4	_____
Land Use Fees (public)	0.8	1.1	0.7	0.5	_____
Land Use Fees (private)	0.2	0.1	0.4	0.2	_____
Property Taxes	0.9	0.8	0.8	1.1	_____
Other Taxes (except income)	0.5	0.7	0.3	0.7	_____
Snowmaking	1.5	2.0	1.3	1.0	_____
Snow Removal	0.1	0.2	0.2	0.1	_____
Miscellaneous	0.5	0.5	0.3	0.4	_____
Depreciation & Amortization	6.7	6.6	6.2	7.4	_____
OPERATING PROFIT (LOSS)	7.7%	17.5%	5.8%	(3.3)%	_____%
Less: Interest	4.5	4.8	3.7	5.3	_____
PROFIT (LOSS) BEFORE TAX	3.2%	12.7%	2.1%	(8.6)%	_____%
Base	(113)	(40)	(43)	(30)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Percent of Revenue				Your
	Total	Top Half	Bottom Half	Loss	Ski Area
Revenue:					
Ski Lift Gross - Winter	75.2%	70.2%	80.0%	80.0%	____%
Ski Lift Gross - Summer	0.7	0.6	1.0	0.4	____
Supporting Margin - Winter	13.3	13.5	12.8	13.7	____
Supporting Margin - Summer	1.4	1.5	1.9	0.5	____
Year Round Margin	9.4	14.2	4.3	5.4	____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0 %
Less:					
Ski Lift Direct Expense	21.1%	19.0%	23.7%	22.2%	____%
Payroll Taxes	2.3	2.5	2.5	1.7	____
Property Operation	5.8	4.4	6.8	7.6	____
OPERATIONS MARGIN	70.8%	74.1%	67.0%	68.5%	____%
Less:					
General & Administrative	16.8%	12.6%	15.3%	29.9%	____%
Marketing (advertising, public relations, promotion, etc.)	6.3	5.3	7.5	7.1	____
Insurance (property, liability)	3.2	2.8	3.2	4.6	____
Land Use Fees (public)	1.9	2.0	1.9	1.8	____
Land Use Fees (private)	0.6	0.3	1.0	0.6	____
Property Taxes	2.0	1.5	2.0	3.6	____
Other Taxes (except income)	1.3	1.2	0.8	2.4	____
Snowmaking	3.5	3.7	3.5	3.2	____
Snow Removal	0.3	0.3	0.3	0.3	____
Miscellaneous	1.1	0.8	0.7	1.5	____
Depreciation & Amortization	15.6	12.0	15.9	24.6	____
OPERATING PROFIT (LOSS)	18.2%	31.6%	15.0%	(11.1)%	____%
Less: Interest	10.7	8.7	9.5	17.6	____
PROFIT (LOSS) BEFORE TAX	7.5%	22.9%	5.5%	(28.7)%	____%
Base	(113)	(40)	(43)	(30)	

TABLE 39

AVERAGE SKI AREA FINANCIAL DATA--BALANCE SHEET
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets:				
Current Assets	$1,210	$1,685	$1,006	$ 852
Gross Fixed Assets	9,330	9,973	8,333	9,931
Less: Depreciation	(3,331)	(3,721)	(3,169)	(3,031)
Other Assets	1,837	1,952	1,352	2,405
TOTAL ASSETS	$9,046	$9,889	$7,522	$10,157
Liability & Net Worth				
Current Liabilities	$1,262	$ 961	$ 780	$ 2,406
Long-Term Debt	3,088	3,351	2,578	3,489
Subordinated Debt	642	358	564	1,155
Deferred Taxes	200	370	31	215
Other Liabilities	386	143	300	853
Net Worth				
Invested	2,025	1,052	2,320	2,937
Retained Earnings	1,443	3,654	949	(898)
TOTAL LIABILITIES & NET WORTH	$9,046	$9,889	$7,522	$10,157
Base	(109)	(39)	(42)	(28)

TABLE 40

ECONOMIC RATIOS–BY PROFITABILITY

	Key	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	A	6,973	7,558	6,733	6,537	_____
VTF/Hour - Demand/Skier Capacity	B	1,641	1,629	1,624	1,687	_____
Skier Capacity	C	4,250	4,640	4,147	3,876	_____
Days/Nights of Operation	D	133	138	136	123	_____
Season Capacity (000)	E	614	665	620	539	_____
Day Season Capacity (000)		571	615	567	517	_____
Night Season Capacity (000)		114	115	153	57	_____
Actual Skier Visits (000)	F	214	265	208	155	_____
Day Skier Visits (000)		205	254	198	150	_____
Night Skier Visits (000)		35	31	57	14	_____
Profit (Loss) Before Tax (000)	G	$ 290	$1,236	$ 177	$ (808)	$_____
Plus: Depreciation (000)	H	$ 607	$ 645	$ 513	$ 691	$_____
Before Tax Cash Flow (000)	I	$ 897	$1,881	$ 690	$ (117)	$_____
Operating Profit (Loss) (000)	J	$ 705	$1,704	$ 485	$ (313)	$_____
Cash Operating Costs (000)	K	$2,569	$3,040	$2,232	$2,431	$_____
Gross Fixed Assets (000)	L	$9,103	$9,761	$8,323	$9,345	$_____
Long Term Debt (000)	M	$3,730	$3,709	$3,142	$4,644	$_____
Equity (000)	N	$3,468	$4,706	$3,269	$2,039	$_____
Critical Ratios						
1. Health (Debt to Cash Flow)		4.2X	2.0X	4.6X	-	_____X
Profitability:						
2. Operating Profit on GFA		7.7%	17.5%	5.8%	Loss	_____%
3. Profit (BT) on Equity		8.4%	26.3%	5.4%	Loss	_____%
Performance:						
4. Average Utilization		34.9%	39.8%	33.5%	28.8%	_____%
Day Utilization		35.9%	41.3%	34.9%	29.0%	_____
Night Utilization		30.7%	27.0%	37.3%	24.6%	_____
5. Days/Nights of Operation		133	138	136	123	_____
Policy & Planning:						
6. Capital/Capacity Ratio		$2,142	$2,104	$2,007	$2,411	$_____
7. Operating/Capacity Ratio		$ 4.18	$ 4.57	$ 3.60	$ 4.51	$_____
Revenue/Skier Visit:						
Ski Lift Gross		$13.61	$14.26	$12.40	$14.44	$_____
Ski School Margin		$ .43	$ .51	$ .35	$ .37	$_____
Food Service Margin		$ .54	$ .54	$ .60	$ .42	$_____
Bar Margin		$ .28	$ .32	$ .25	$ .25	$_____
Ski Shop Margin		$ .34	$ .36	$ .30	$ .41	$_____
Ski Rental Margin		$ .55	$ .63	$ .46	$ .58	$_____
Other Margin		$ (.02)	$ .04	$ (.10)	$ .00	$_____
8. Total - Revenue/Skier Visit		$15.73	$16.66	$14.26	$16.47	$_____
Base		(113)	(40)	(43)	(30)	

VI

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 41 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 61 ski areas or 54 percent reported operating a bar, thus the data shown are from a sample of only 61.

In addition to the departmental direct cost breakdown, Table 41 includes gross sales per skier visit for the seven major categories. These departments account for 76 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 41 will not equate with the average ski industry margins shown with the economic ratios (Table 32). For instance, the bar department margin on Table 41 amounts to $0.47/skier visit ($1.01 x 46.5 percent) whereas on Table 32 it is shown as $0.28/skier visit. While the industry average is based on all 113 respondents, the Table 41 data is based on only the 61 respondents who own and operate a bar.

Two upgraded items involve cost of goods sold in the rental department and payroll taxes. The last six surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons. In addition this year, payroll taxes have been deducted from departments. If respondents gave a breakdown of payroll taxes by department, that figure was used; if a total payroll tax figure was given, it was allocated to departments in proportion to direct labor costs.

Tables 42 through 44 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 45-47) and by geographic region (Chapter VII, Table 60).

Ski Area Concessions

Table 48 summarizes ski area concession operations.

Ski Area Employment

Tables 49 and 50 summarize ski area employment. These 113 ski areas employed 20,679 persons daily. If the balance of the ski areas had similar staffing, the ski area industry employed 40,547 persons daily.

Ski Lift Department Detail

Table 51 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the recent past. Sixty-six ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	$ 50,121	(39.0%)
Liability Insurance Expense	78,258	(61.0%)
Total Insurance Expense	$128,379	(100.0%)

Forty-seven ski areas lumped their insurance costs together and reported a cost of $122,148. Assuming that the property/liability ratio remains the same for the 47 ski areas who provided only one lumped figure results in allocating 39.0 percent to property and 61.0 percent to liability. Thus, the 1983-84 figures probably look like this for the average ski area:

Cost–Property Insurance	$ 49,057	(39.0%)
Cost–Liability Insurance	76,730	(61.0%)
Cost–Total Insurance	$125,787	(100.0%)

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance	/	Gross Fixed Assets		
$49,057	/	$9,103,000	=	0.5%
Liability Insurance	/	Total Revenue		
$76,730	/	$3,881,000	=	2.0%
Liability Insurance	/	Gross Operating Revenue[a]		
$76,730	/	$4,902,000	=	1.6%

[a] For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
TOTAL SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON								
Ski Lift Dept.	$13.61	100.0%	- %	17.6%	9.3%	3.0%	70.1%	(113)
Ski School	1.57	100.0%	-	54.2	7.4	9.4	29.0	(98)
Food Service	3.01	100.0%	36.4	28.6	10.1	4.1	20.8	(81)
Bar	1.01	100.0%	27.9	14.7	8.7	2.2	46.5	(61)
Retail	1.76	100.0%	53.8	11.5	3.7	1.7	29.3	(55)
Rental	1.30	100.0%	12.4[a]	19.1	6.2	3.1	59.2	(83)
Accommodations	-	100.0%	-	28.0	29.6	6.0	36.4	(34)
Other	.50	100.0%	7.5	53.2	27.2	9.5	2.6	(91)
	$22.76							
YEAR-ROUND								
Real Estate		100.0%	54.5	3.3	5.7	0.3	36.2	(21)
Utility		100.0%	-	24.3	66.8	5.6	3.3	(19)
Miscellaneous		100.0%	10.4	5.5	4.1	1.9	78.1	(62)
SUMMER SEASON								
Lift Department		100.0%	-	75.5	44.0	16.3	(35.8)	(28)
Food Service		100.0%	37.7	42.0	14.0	5.7	0.6	(46)
Retail		100.0%	60.0	22.8	10.4	4.1	2.7	(24)
Sports		100.0%	-	37.8	44.2	8.2	9.8	(21)
Accommodations		100.0%	-	29.3	28.9	6.4	35.4	(23)
Slide		100.0%	0.6	22.7	10.1	4.7	61.9	(12)
Other		100.0%	9.2	47.8	29.3	11.1	2.6	(26)

[a]Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
TOP PROFIT SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON								
Ski Lift Dept.	$14.26	100.0%	- %	17.3%	8.8%	3.3%	70.6%	(40)
Ski School	1.73	100.0%	-	53.2	6.0	10.2	30.6	(39)
Food Service	2.71	100.0%	33.8	29.0	9.5	4.7	23.0	(31)
Bar	1.03	100.0%	27.5	13.4	7.3	2.2	49.6	(24)
Retail	1.95	100.0%	53.1	11.5	3.4	2.1	29.9	(18)
Rental	1.37	100.0%	11.5[a]	16.5	5.5	3.2	63.3	(32)
Accommodations	-	100.0%	-	25.5	24.4	6.8	43.3	(13)
Other	.45	100.0%	9.7	41.2	35.0	5.0	9.1	(35)
	$23.50							
YEAR-ROUND								
Real Estate		100.0%	56.0	3.4	4.5	0.3	35.8	(9)
Utility		100.0%	-	28.0	67.5	6.3	(1.8)	(7)
Miscellaneous		100.0%	1.5	1.7	3.3	0.4	93.1	(25)
SUMMER SEASON								
Lift Department		100.0%	-	71.7	31.9	23.9	(27.5)	(4)
Food Service		100.0%	39.6	48.0	17.3	5.4	(10.3)	(18)
Retail		100.0%	62.1	20.5	10.0	4.5	2.9	(10)
Sports		100.0%	-	36.4	53.3	6.6	3.7	(7)
Accommodations		100.0%	-	28.4	24.3	7.3	40.0	(9)
Slide		100.0%	0.8	23.5	9.3	5.5	60.9	(8)
Other		100.0%	20.4	23.9	29.5	12.1	14.1	(10)

[a]Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
BOTTOM PROFIT SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON								
Ski Lift Dept.	$12.40	100.0%	- %	18.4%	10.0%	3.0%	68.6%	(43)
Ski School	1.44	100.0%	-	54.9	8.4	10.3	26.4	(37)
Food Service	2.96	100.0%	35.3	25.1	10.4	3.9	25.3	(29)
Bar	1.04	100.0%	23.6	15.0	11.9	1.8	47.7	(21)
Retail	1.58	100.0%	53.3	10.2	3.4	1.5	31.6	(16)
Rental	1.32	100.0%	14.2[a]	19.3	8.9	3.2	54.4	(28)
Accommodations	-	100.0%	-	28.1	40.2	7.3	24.4	(9)
Other	.50	100.0%	9.8	78.2	27.2	18.6	(33.8)	(34)
	$21.24							
YEAR-ROUND								
Real Estate		100.0%	46.7	0.2	5.1	0.0	48.0	(7)
Utility		100.0%	-	18.1	84.9	4.8	(7.8)	(6)
Miscellaneous		100.0%	29.0	13.9	7.2	5.2	44.7	(24)
SUMMER SEASON								
Lift Department		100.0%	-	52.5	45.2	8.4	(6.1)	(11)
Food Service		100.0%	34.3	30.8	11.3	5.4	18.2	(16)
Retail		100.0%	53.3	19.0	4.9	3.7	19.1	(9)
Sports		100.0%	-	36.3	27.0	10.1	26.6	(9)
Accommodations		100.0%	-	30.0	42.3	7.0	20.7	(9)
Slide		100.0%	0.0	17.9	13.2	2.0	66.9	(3)
Other		100.0%	6.8	36.6	23.9	9.4	23.3	(9)

[a]Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
LOSS SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON								
Ski Lift Dept.	$14.44	100.0%	- %	17.2%	9.3%	2.0%	71.5%	(30)
Ski School	1.41	100.0%	12.2	24.6	3.4	2.6	57.2	(23)
Food Service	3.70	100.0%	41.6	32.7	10.7	3.3	11.7	(21)
Bar	.93	100.0%	36.3	17.4	6.7	2.6	37.0	(30)
Retail	1.69	100.0%	55.5	12.9	4.6	1.4	25.6	(21)
Rental	1.12	100.0	12.2[a]	24.6	3.4	2.6	57.2	(23)
Accommodations	-	100.0%	-	31.4	31.1	4.2	33.3	(12)
Other	.63	100.0%	1.1	40.2	14.1	5.4	39.2	(21)
	$23.92							
YEAR-ROUND								
Real Estate		100.0%	51.1	5.6	14.5	0.9	27.9	(4)
Utility		100.0%	-	19.0	31.1	4.2	45.7	(6)
Miscellaneous		100.0%	0.0	0.0	0.0	0.0	100.0	(13)
SUMMER SEASON								
Lift Department		100.0%	-	193.9	93.0	17.3	(204.2)	(8)
Food Service		100.0%	39.7	48.2	13.6	6.4	(7.9)	(12)
Retail		100.0%	68.6	34.7	21.8	3.9	(29.0)	(5)
Sports		100.0%	-	72.2	69.5	13.9	(55.6)	(5)
Accommodations		100.0%	-	30.0	22.1	4.3	43.6	(5)
Slide		100.0%	-	52.6	-	5.3	42.1	(1)
Other		100.0%	2.3	67.5	30.7	11.0	(11.5)	(7)

[a]Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA--DEPARTMENTAL MARGIN
VACATION ORIENTED SKI AREAS, 1983-84

	Gross Sales		Less: Cost of					
	Per S-V	%	Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$14.93	100.0%	- %	18.1%	8.8%	2.9%	70.2%	(35)
Ski School	1.92	100.0%	-	56.0	7.9	9.9	26.2	(33)
Food Service	3.33	100.0%	33.1	31.4	12.1	4.4	19.0	(26)
Bar	.99	100.0%	25.5	13.4	9.3	2.2	49.6	(20)
Retail	1.78	100.0%	51.0	11.6	4.6	1.9	30.9	(17)
Rental	.97	100.0%	12.4[a]	18.6	8.0	3.4	57.6	(23)
Accommodations	-	100.0%	-	27.8	29.3	6.9	36.0	(15)
Other	.55	100.0%	8.8	62.4	37.5	9.6	(18.3)	(27)
	$24.47							
YEAR-ROUND								
Real Estate		100.0%	54.0	3.1	5.7	0.3	36.9	(15)
Utility		100.0%	-	23.8	58.6	4.9	12.7	(9)
Miscellaneous		100.0%	12.0	5.1	4.9	2.2	75.8	(23)
SUMMER SEASON								
Lift Department		100.0%	-	70.8	63.3	20.6	(54.7)	(12)
Food Service		100.0%	36.5	47.1	19.8	6.1	(9.5)	(16)
Retail		100.0%	55.4	22.7	14.3	5.2	2.4	(13)
Sports		100.0%	-	40.2	50.8	9.7	(0.7)	(12)
Accommodations		100.0%	-	34.9	31.7	9.2	24.2	(9)
Slide		100.0%	0.0	35.6	13.1	5.5	45.8	(5)
Other		100.0%	17.7	38.6	27.1	14.3	2.3	(9)

[a]Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
DAY SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Less: Direct Labor	Less: Direct Other	Less: Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON								
Ski Lift Dept.	$10.85	100.0%	- %	19.0%	12.7%	3.8%	64.5%	(53)
Ski School	1.10	100.0%	-	47.8	7.3	8.9	36.0	(45)
Food Service	2.42	100.0%	39.6	23.8	8.6	4.4	23.6	(39)
Bar	1.10	100.0%	26.5	14.9	9.6	2.5	46.5	(29)
Retail	1.70	100.0%	59.5	11.6	3.8	2.4	22.7	(27)
Rental	1.85	100.0%	12.8[a]	16.9	5.9	3.3	61.1	(44)
Accommodations	-	100.0%	-	33.6	53.1	5.8	7.5	(9)
Other	.33	100.0%	11.5	24.0	16.0	4.9	43.6	(43)
	$19.35							
YEAR-ROUND								
Real Estate		100.0%	0.0	2.0	59.2	0.0	38.8	(2)
Utility		100.0%	-	25.7	117.9	10.1	(53.7)	(5)
Miscellaneous		100.0%	3.3	3.6	0.3	1.3	91.5	(27)
SUMMER SEASON								
Lift Department		100.0%	-	83.1	18.8	9.8	(11.7)	(9)
Food Service		100.0%	39.9	34.6	8.8	5.1	11.6	(19)
Retail		100.0%	71.9	11.9	8.8	1.8	5.6	(4)
Sports		100.0%	-	26.4	35.5	4.0	34.1	(2)
Accommodations		100.0%	-	29.3	44.9	4.9	20.9	(7)
Slide		100.0%	0.0	15.4	11.2	4.1	69.3	(3)
Other		100.0%	2.1	74.4	43.9	18.2	(38.6)	(12)

[a]Represents retirement and replacement of rental equipment.

TABLE 47

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
WEEKEND SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON								
Ski Lift Dept.	$13.87	100.0%	- %	14.9%	7.0%	2.2%	75.9%	(25)
Ski School	1.14	100.0%	-	54.0	5.4	7.0	33.6	(20)
Food Service	3.03	100.0%	42.3	26.3	6.0	2.6	22.8	(16)
Bar	.90	100.0%	38.8	18.8	4.9	1.3	36.2	(12)
Retail	1.75	100.0%	54.4	11.2	1.3	0.4	32.7	(11)
Rental	1.21	100.0%	12.1[a]	25.1	3.4	2.0	57.4	(16)
Accommodations	-	100.0%	-	27.0	24.4	3.2	45.4	(10)
Other	.56	100.0%	1.6	51.4	9.6	12.3	25.1	(21)
	$22.46							
YEAR-ROUND								
Real Estate		100.0%	62.2	5.6	4.9	0.5	26.8	(4)
Utility		100.0%	-	26.0	60.1	5.5	8.4	(5)
Miscellaneous		100.0%	1.1	11.8	1.1	0.0	86.0	(12)
SUMMER SEASON								
Lift Department		100.0%	-	83.2	4.7	8.5	3.6	(7)
Food Service		100.0%	38.3	38.5	8.2	5.4	9.6	(11)
Retail		100.0%	65.6	28.8	1.2	2.3	2.1	(7)
Sports		100.0%	-	31.5	17.5	2.8	48.2	(7)
Accommodations		100.0%	-	22.9	22.3	3.4	51.4	(7)
Slide		100.0%	1.2	19.9	8.1	4.6	66.2	(4)
Other		100.0%	4.1	35.5	18.5	0.2	41.7	(5)

[a]Represents retirement and replacement of rental equipment.

TABLE 48

SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas				Average Concession Revenue (000)
	Do Not Have	Own	Concession	Both	
WINTER SEASON:					
Ski School	0.0%	88.5%	10.6%	0.9%	$10.8
Food Service	1.7	71.2	23.7	3.4	77.3
Bar	17.7	60.2	22.1	0.0	27.1
Retail Shop	15.9	48.7	34.5	0.9	40.3
Rental Shop	7.1	72.6	19.4	0.9	37.5
Accommodations	67.3	26.5	4.4	1.8	56.1
SUMMER SEASON:					
Food Service	50.4%	40.7%	8.0%	0.9%	$13.1
Retail Shop	70.8	22.1	7.1	0.0	12.8
Sports Department	77.9	19.5	2.6	0.0	1.3
Accommodations	77.9	17.7	0.9	3.5	22.0
Summer Slide	87.6	10.6	1.8	0.0	30.0

TABLE 49

NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-moda-tions	Other	Total[a]
Total Sample	51	34	37	6	6	9	9	37	183
Geographic:									
New England	39	31	28	4	5	6	18	44	171
East	37	20	37	12	11	10	17	33	169
Midwest	20	8	11	3	1	6	7	6	63
Central Rockies	101	68	68	4	7	8	3	39	283
Northern Rockies	49	42	31	3	4	21	4	20	162
California & Nevada	57	44	56	6	9	16	7	107	294
Pacific Northwest	33	13	26	7	3	5	6	24	113
Type:									
Day	25	17	13	2	2	7	4	16	84
Weekend	41	23	28	5	5	8	10	44	160
Vacation	95	65	82	13	11	14	17	64	342
Profitability:									
Top Profit	64	44	37	5	5	9	7	42	210
Bottom Profit	47	31	27	4	4	6	9	27	149
Loss	38	24	51	9	10	14	14	46	198
By Size (000) (VTF/Hour)									
Under 2,500	17	10	9	2	2	6	6	13	63
2,500 - 3,999	24	18	11	2	2	7	1	15	77
4,000 - 5,499	31	22	19	3	2	6	9	21	110
5,500 - 9,999	53	30	40	11	8	7	13	39	189
10,000 +	127	90	110	13	16	22	16	96	462

[a] Will not add due to various different base responses.

TABLE 50

NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-moda-tions	Other	Total[a]
Total Sample	64	57	52	9	8	14	14	49	259
Geographic:									
New England	59	58	48	7	8	11	32	60	274
East & Ontario	51	47	55	17	15	17	23	50	264
Midwest	30	17	20	6	3	12	10	9	105
Central Rockies	112	94	80	5	9	12	4	47	345
Northern Rockies	56	58	44	6	6	27	6	30	218
California & Nevada	68	63	68	8	11	20	9	120	356
Pacific Northwest	49	43	43	14	5	11	11	38	206
Type:									
Day	39	44	25	5	4	13	6	25	154
Weekend	52	40	39	8	7	11	12	51	215
Vacation	108	88	104	19	14	19	28	83	442
Profitability:									
Top Profit	77	69	51	9	7	14	14	56	292
Bottom Profit	62	56	44	8	6	12	12	40	228
Loss	49	41	67	12	13	18	18	54	260
By Size (000) (VTF/Hour)									
Under 2,500	26	23	18	4	4	11	11	20	115
2,500 - 3,999	39	47	26	4	4	13	1	26	152
4,000 - 5,499	41	46	30	6	3	11	13	27	173
5,500 - 9,999	67	54	57	17	12	12	18	53	273
10,000 +	148	119	138	20	17	27	24	118	580

[a] Will not add due to various different base responses.

TABLE 51

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	6.1%	5.9%	6.3%	6.1%	____
Ski Patrol Payroll	3.1	2.7	3.5	3.1	____
Slope Maintenance Payroll	2.4	2.2	2.5	2.7	____
Maintenance & Repair Payroll	3.7	3.8	4.0	2.8	____
Ticket Sales Payroll	1.3	1.4	1.1	1.4	____
Other Payroll	1.2	1.4	0.8	1.2	____
TOTAL PAYROLL	17.8%	17.4%	18.2%	17.3%	____
PAYROLL TAXES	2.9%	3.4%	3.0%	1.9%	____
OTHER DIRECT	8.8%	7.7%	10.3%	8.6%	____
GROSS MARGIN	70.5%	71.5%	68.5%	72.2%	____ %
Base	(82)	(26)	(34)	(22)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 53 summarizes the significant ski area characteristics, while Table 54 presents the eight critical variables by geographic location. Tables 55-57 contain average regional area income statements compared to both gross fixed assets and revenue. Table 58 illustrates lift department direct costs. Table 59 breaks out the regional balance sheets. Table 60 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas, while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 52 summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. All regions improved in 1983-84 except the California-Nevada region and the Pacific Northwest. The Midwest ski area improved the most, going from a loss to 8.6 percent.

The New England areas reported the best operating profit on GFA in 1983-84–9.8 percent. This compares to 7.7 percent for the average area. The New England areas had more VTF/hour, higher revenue per skier visit, higher lift ticket price, higher operating cost per capacity ratio and greater profit before tax than the average area.

The Central Rockies areas continue to show good performances (9.6 percent operating profit on GFA) with only the poor snow year (1980-81) reflecting a slow down. These areas reported a longer season, more VTF/hour, greater utilization, higher revenue per skier visit, higher ticket price, greater capital cost/capacity ratio and higher profit before tax than the average area.

At the other end of the continuum we have the Northern Rockies, which recorded a slight decline in skier visits in another loss year. The Pacific Northwest, which typically records a strong performance, showed a loss and decline in skier visits.

TABLE 52

FIVE YEAR COMPARISON
OPERATING PROFIT ON GFA

	1983-84	1982-83	1981-82	1980-81	1979-80
New England	9.8%	2.8%	10.7%	6.0%	Loss
East & Ontario	8.6	2.7	13.8	11.8	10.3%
Midwest	8.6	Loss	6.1	2.6	2.5
Central Rockies	9.6	8.3	13.0	3.9	19.2
Northern Rockies	2.8	2.7	23.2	3.8	16.4
California & Nevada	5.7	9.0	23.1	9.5	23.9
Pacific Northwest	4.2	5.3	6.5	0.3	11.0
TOTAL SAMPLE	7.7%	5.7%	14.6%	5.5%	12.1%

TABLE 53

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SIZE							
VTF/Hour (000)	7,004	4,003	1,905	9,660	7,971	8,908	8,410
Gross Fixed Assets (000)	$8,759	$6,044	$1,855	$16,575	$8,878	$10,768	$7,166
Skiable Acres	184	119	68	678	1,126	1,053	1,136
Total Acres	1,482	802	251	2,261	2,104	2,037	2,158
LOCATION							
Within 50 Miles of SMSA	30%	44%	54%	27%	46%	29%	20%
With 6+ Areas in 1 Hour	75%	17%	0%	23%	27%	39%	13%
SITE CHARACTERISTICS							
Number of Beds at Base	711	332	108	3,427	960	2,460	654
Number of Beds (10 Miles)	2,805	1,967	1,247	9,531	4,025	7,896	1,022
With Snowmaking	100%	100%	92%	77%	36%	43%	33%
With Night Skiing	30%	78%	77%	5%	27%	14%	43%
Terrain: Beginner	29%	27%	30%	23%	18%	26%	22%
Intermediate	52%	47%	53%	44%	52%	50%	50%
Expert	19%	26%	17%	33%	30%	24%	28%
BUSINESS CHARACTERISTICS							
Operating With USFS Permit	20%	0%	15%	90%	82%	86%	53%
Engaged in Land Development	55%	44%	23%	36%	36%	7%	20%
OPERATIONAL CHARACTERISTICS							
Average Days/Nights of Operation	125	125	123	139	143	130	152
Average Peak Day Crowd	4,685	4,211	1,911	5,468	3,771	5,567	4,704
Average Skier Visits (000)	196	163	60	339	202	281	199
Average Age of Ski Areas	31 years	22 years	27 years	24 years	28 years	28 years	20 years
ECONOMIC CHARACTERISTICS							
Average Revenue/Skier Visit	$17.27	$15.20	$12.48	$15.78	$13.46	$18.83	$12.57
Avg. Lift Ticket Revenue/S-V	$13.85	$12.26	$ 9.16	$14.41	$12.40	$16.28	$11.17
Avg. Adult Lift Ticket Price: (Weekend)	$19.33	$18.36	$14.67	$18.16	$16.27	$17.88	$16.47
:(Weekday)	$16.88	$15.11	$11.06	$17.57	$16.27	$17.88	$15.72
Average Night Ticket Price :(Weekend)	$ 9.42	$10.14	$ 8.53	$ 6.00	$ 8.50	$11.88	$10.64
:(Weekday)	$ 9.08	$10.06	$ 7.68	$ 6.00	$ 8.50	$ 9.88	$10.00
Avg. Adult Season Ticket Price	$ 396	$ 322	$ 216	$ 420	$ 318	$ 388	$ 330
Average Utilization	33%	47%	25%	49%	35%	31%	22%
Average Profit (Loss) Before Tax	$ 480	$ 151	$ 79	$ 863	$ (160)	$ 186	$ (24)
Ratio: Revenue/GFA	49%	45%	46%	40%	34%	51%	37%
Base	(20)	(18)	(13)	(22)	(11)	(14)	(15)

TABLE 54

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

	Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
VTF/Hour (000)	A	7,004	4,003	1,905	9,660	7,971	8,908	8,410
VTF/Hour - Demand/Skier Capacity	B	1,555	1,500	1,000	2,000	2,000	1,509	1,500
Skier Capacity	C	4,504	2,668	1,905	4,830	3,985	5,938	5,607
Days/Nights of Operation	D	125	125	123	139	143	130	152
Season Capacity (000)	E	603	346	238	697	574	910	909
Day Season Capacity (000)		581	277	179	687	544	875	813
Night Season Capacity (000)		69	88	76	215	107	248	205
Actual Skier Visits (000)	F	196	163	60	339	202	281	199
Day Skier Visits (000)		184	139	44	339	195	276	178
Night Skier Visits (000)		38	43	18	15	27	35	47
Profit (Loss) Before Tax (000)	G	$ 480	$ 151	$ 79	$ 863	$ (160)	$ 186	$ (24)
Plus: Depreciation (000)	H	$ 542	$ 417	$ 94	$ 1,105	$ 517	$ 902	$ 429
Before Tax Cash Flow (000)	I	$1,022	$ 568	$ 173	$ 1,968	$ 357	$ 1,088	$ 405
Operating Profit (Loss) (000)	J	$ 859	$ 520	$ 160	$ 1,596	$ 249	$ 616	$ 304
Cash Operating Costs (000)	K	$2,877	$1,763	$ 596	$ 3,877	$2,226	$ 3,945	$1,895
Gross Fixed Assets (000)	L	$8,759	$6,044	$1,855	$16,575	$8,878	$10,768	$7,166
Long Term Debt (000)	M	$3,416	$2,129	$ 559	$ 7,276	$4,199	$ 3,211	$3,732
Equity (000)	N	$3,020	$1,952	$ 345	$ 7,900	$3,753	$ 4,328	$1,191
Critical Ratios								
1. Health (Debt to Cash Flow)		3.3X	3.7X	3.2X	3.7X	11.8X	3.0X	9.2X
Profitability:								
2. Operating Profit on GFA		9.8%	8.6%	8.6%	9.6%	2.8%	5.7%	4.2%
3. Profit (BT) on Equity		15.9%	7.7%	22.9%	10.9%	Loss	4.3%	Loss
Performance:								
4. Average Utilization		32.5%	47.1%	25.2%	48.6%	35.2%	30.9%	21.9%
Day Utilization		31.7%	50.2%	24.6%	49.3%	35.8%	31.2%	21.9%
Night Utilization		55.1%	48.9%	23.7%	7.0%	25.2%	14.1%	22.9%
5. Days/Nights of Operation		125	125	123	139	143	130	152

TABLE 54 (Continued)

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Policy & Planning:							
6. Capital/Capacity Ratio	$1,945	$2,265	$ 974	$3,432	$2,228	$1,813	$1,278
7. Operating Cost/Capacity Ratio	$ 4.77	$ 5.10	$ 2.50	$ 5.56	$ 3.88	$ 4.34	$ 2.08
Revenue/Skier Visit:							
Ski Lift Gross	$13.85	$12.26	$ 9.16	$14.41	$12.40	$16.28	$11.17
Ski School Margin	$ .44	$ .46	$ .17	$ .57	$ .35	$ .49	$ .07
Food Service Margin	$ .80	$ .74	$ .70	$ .34	$ .38	$ .60	$ .48
Bar Margin	$ .44	$ .43	$ .47	$ .23	$ .11	$ .13	$ .33
Ski Shop Margin	$ .77	$ .27	$ .28	$ .17	$ .13	$ .49	$ .27
Ski Rental Margin	$ .76	$ 1.02	$ 1.56	$ .27	$ .26	$ .65	$ .34
Other Margin	$ .21	$ .02	$ .14	$ (.21)	$ (.17)	$ .19	$ (.09)
8. Total - Revenue/Skier Visit	$17.27	$15.20	$12.48	$15.78	$13.46	$18.83	$12.57
Base	(20)	(18)	(13)	(22)	(11)	(14)	(15)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Gross Fixed Assets	$8,759	$6,044	$1,855	$16,575	$8,878	$10,768	$7,166
Revenue:							
Ski Lift Gross - Winter	$2,710	$1,999	$ 550	$ 4,890	$2,510	$ 4,570	$2,217
Ski Lift Gross - Summer	48	9	7	24	40	37	29
Supporting Margin - Winter	860	553	228	469	234	807	285
Supporting Margin - Summer	251	74	49	(61)	(5)	(13)	49
Year Round Margin	409	65	16	1,256	213	62	48
TOTAL REVENUE	$4,278	$2,700	$ 850	$ 6,578	$2,992	$ 5,463	$2,628
Less:							
Ski Lift Direct Expense	$ 598	$ 502	$ 187	$ 1,598	$ 778	$ 857	$ 890
Payroll Taxes	118	46	11	167	80	109	54
Property Operation	572	117	58	203	208	231	80
OPERATIONS MARGIN	$2,990	$2,035	$ 594	$ 4,610	$1,926	$ 4,266	$1,604
Less:							
General & Administrative	$ 521	$ 359	$ 123	$ 876	$ 490	$ 1,746	$ 407
Marketing (advertising, public relations, promotion, etc.)	389	185	61	361	227	174	195
Insurance (property, liability)	107	122	36	131	121	292	74
Land Use Fees (public)	69	1	6	141	40	180	61
Land Use Fees (private)	16	3	4	30	94	25	2
Property Taxes	53	42	19	148	108	111	63
Other Taxes (except income)	77	45	18	71	11	95	6
Snowmaking	271	305	53	128	39	33	10
Snow Removal	14	9	2	12	16	23	13
Miscellaneous	72	27	18	11	14	70	40
Depreciation & Amortization	542	417	94	1,105	517	902	429
OPERATING PROFIT (LOSS)	$ 859	$ 520	$ 160	$ 1,596	$ 249	$ 616	$ 304
Less: Interest	379	369	81	733	409	430	328
PROFIT (LOSS) BEFORE TAX	$ 480	$ 151	$ 79	$ 863	$ (160)	$ 186	$ (24)
Base	(20)	(18)	(13)	(22)	(11)	(14)	(15)

TABLE 56

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:							
Ski Lift Gross - Winter	30.9%	33.1%	29.6%	29.5%	28.3%	42.4%	30.9%
Ski Lift Gross - Summer	0.5	0.1	0.4	0.1	0.5	0.3	0.4
Supporting Margin - Winter	9.8	9.1	12.3	2.8	2.6	7.5	4.0
Supporting Margin - Summer	2.9	1.2	2.6	(0.4)	(0.1)	(0.1)	0.7
Year Round Margin	4.7	1.2	0.9	7.7	2.4	0.6	0.7
TOTAL REVENUE	48.8%	44.7%	45.8%	39.7%	33.7%	50.7%	36.7%
Less:							
Ski Lift Direct Expense	6.8%	8.3%	10.1%	9.6%	8.8%	8.0%	12.4%
Payroll Taxes	1.3	0.8	0.6	1.0	0.9	1.0	0.8
Property Operation	6.4	1.9	3.1	1.3	2.3	2.1	1.1
OPERATIONS MARGIN	34.1%	33.7%	32.0%	27.8%	21.7%	39.6%	22.4%
Less:							
General & Administrative	5.9%	5.9%	6.6%	5.3%	5.5%	16.2%	5.7%
Marketing (advertising, public relations, promotion, etc.)	4.4	3.1	3.3	2.2	2.6	1.6	2.7
Insurance (property, liability)	1.2	2.0	1.9	0.8	1.4	2.7	1.0
Land Use Fees (public)	0.8	0.0	0.3	0.9	0.5	1.7	0.8
Land Use Fees (private)	0.2	0.1	0.2	0.2	1.1	0.2	0.0
Property Taxes	0.6	0.7	1.0	0.9	1.2	1.0	0.9
Other Taxes (except income)	0.9	0.7	1.0	0.3	0.1	0.9	0.1
Snowmaking	3.1	5.0	2.9	0.8	0.4	0.3	0.1
Snow Removal	0.2	0.2	0.1	0.1	0.2	0.2	0.2
Miscellaneous	0.8	0.5	1.0	0.1	0.2	0.7	0.7
Depreciation & Amortization	6.2	6.9	5.1	6.6	5.7	8.3	6.0
OPERATING PROFIT (LOSS)	9.8%	8.6%	8.6%	9.6%	2.8%	5.7%	4.2%
Less: Interest	4.3	6.1	4.3	4.4	4.6	4.0	4.5
PROFIT (LOSS) BEFORE TAX	5.5%	2.5%	4.3%	5.2%	(1.8%)	1.7%	(0.3%)
Base	(20)	(18)	(13)	(22)	(11)	(14)	(15)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Revenue						
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
Revenue:							
Ski Lift Gross - Winter	63.3%	74.0%	64.7%	74.3%	83.9%	83.7%	84.4%
Ski Lift Gross - Summer	1.1	0.3	0.8	0.4	1.3	0.7	1.1
Supporting Margin - Winter	20.1	20.5	26.8	7.1	7.8	14.8	10.8
Supporting Margin - Summer	5.9	2.7	5.8	(0.9)	(0.2)	(0.2)	1.9
Year Round Margin	9.6	2.5	1.9	19.1	7.2	1.0	1.8
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:							
Ski Lift Direct Expense	14.0%	18.6%	22.0%	24.3%	26.0%	15.7%	33.9%
Payroll Taxes	2.8	1.7	1.3	2.5	2.7	2.0	2.1
Property Operation	13.4	4.3	6.8	3.1	6.9	4.2	3.0
OPERATIONS MARGIN	69.9%	75.4%	69.9%	70.1%	64.4%	78.1%	61.0%
Less:							
General & Administrative	12.2%	13.3%	14.5%	13.3%	16.4%	32.0%	15.5%
Marketing (advertising, public relations, promotion, etc.)	9.1	6.9	7.2	5.5	7.6	3.2	7.4
Insurance (property, liability)	2.5	4.5	4.2	2.0	4.0	5.3	2.8
Land Use Fees (public)	1.6	0.0	0.7	2.1	1.3	3.3	2.3
Land Use Fees (private)	0.4	0.1	0.5	0.5	3.1	0.5	0.1
Property Taxes	1.2	1.6	2.2	2.2	3.6	2.0	2.4
Other Taxes (except income)	1.8	1.7	2.1	1.1	0.4	1.7	0.2
Snowmaking	6.3	11.3	6.2	1.9	1.3	0.6	0.4
Snow Removal	0.3	0.3	0.2	0.2	0.5	0.4	0.5
Miscellaneous	1.7	1.0	2.2	0.2	0.5	1.3	1.5
Depreciation & Amortization	12.7	15.4	11.1	16.8	17.4	16.5	16.3
OPERATING PROFIT (LOSS)	20.1%	19.3%	18.8%	24.3%	8.3%	11.3%	11.6%
Less: Interest	8.9	13.7	9.5	11.2	13.6	7.9	12.5
PROFIT (LOSS) BEFORE TAX	11.2%	5.6%	9.3%	13.1%	(5.3%)	3.4%	(0.9%)
Base	(20)	(18)	(13)	(22)	(11)	(14)	(15)

TABLE 58

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest
SKI LIFT GROSS:							
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:							
Ski Lift Payroll	5.2%	4.7%	6.4%	6.6%	6.1%	5.5%	7.7%
Ski Patrol Payroll	1.8	1.0	1.0	3.9	4.2	2.6	3.1
Slope Maintenance Payroll	1.6	1.3	2.4	3.0	2.9	1.9	2.9
Maintenance & Repair Payroll	2.5	2.5	3.5	4.4	3.9	2.6	5.3
Ticket Sales Payroll	0.8	0.6	2.1	1.7	1.4	1.2	1.3
Other Payroll	0.5	0.7	1.8	2.2	0.8	0.2	1.0
TOTAL PAYROLL	12.4%	10.8%	17.2%	21.8%	19.3%	14.0%	21.3%
PAYROLL TAXES	3.9%	2.5%	2.0%	3.3%	3.1%	2.1%	1.5%
OTHER DIRECT	5.6%	8.1%	16.1%	9.8%	10.2%	4.9%	16.3%
GROSS MARGIN	78.1%	78.6%	64.7%	65.1%	67.4%	79.0%	60.9%
Base	(16)	(9)	(7)	(20)	(10)	(10)	(10)

TABLE 59

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)
Assets							
Current Assets	$1,397	$ 726	$ 198	$ 2,116	$1,228	$ 1,629	$ 715
Gross Fixed Assets	8,804	6,044	1,885	17,314	8,878	11,504	7,166
Less: Depreciation	(3,772)	(2,553)	(1,007	(4,634)	(2,750)	(5,274)	(2,482)
Other Assets	1,781	1,950	85	4,159	1,791	1,156	546
TOTAL ASSETS	$8,210	$6,167	$1,161	$18,955	$9,147	$ 9,015	$5,945
Liabilities & Net Worth							
Current Liabilities	$1,538	$1,595	$ 249	$ 1,856	$ 736	$ 1,159	$ 969
Long-Term Debt	2,365	1,926	479	6,873	3,695	2,339	2,392
Subordinated Debt	1,051	204	80	403	504	872	1,340
Deferred Taxes	173	201	5	605	80	83	7
Other Liabilities	64	289	2	1,318	379	234	47
Net Worth							
Invested	2,056	912	261	4,425	1,958	2,551	966
Retained Earnings	963	1,040	85	3,475	1,795	1,777	224
TOTAL LIABILITIES & NET WORTH	$8,210	$6,167	$1,161	$18,955	$9,147	$ 9,015	$5,945
Base	(19)	(18)	(12)	(21)	(11)	(13)	(15)

TABLE 60

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
NEW ENGLAND SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON:								
Ski Lift Dept.	$13.85	100.0%	- %	13.3%	6.0%	3.8%	76.9%	(20)
Ski School	1.54	100.0%	-	47.3	8.3	14.3	30.1	(18)
Food Service	3.54	100.0%	33.6	25.4	9.4	6.3	25.3	(14)
Bar	1.25	100.0%	28.1	13.4	8.7	3.0	46.8	(13)
Retail	2.95	100.0%	52.8	9.1	2.6	2.2	33.3	(11)
Rental	1.20	100.0%	9.6[a]	14.8	4.9	3.7	67.0	(18)
Accommodations	-	100.0%	-	26.5	24.6	8.4	40.5	(11)
Other	.52	100.0%	8.6	25.0	13.5	10.3	42.6	(18)
	$24.85							
YEAR ROUND:								
Real Estate		100.0%	66.2	2.9	8.6	0.7	21.6	(7)
Utility		100.0%	-	27.4	64.8	6.4	1.4	(6)
Miscellaneous		100.0%	5.0	1.0	4.5	0.2	89.3	(10)
SUMMER SEASON:								
Lift Department		100.0%	-	82.0	76.1	35.3	(93.4)	(10)
Food Service		100.0%	35.7	35.2	10.3	6.4	12.4	(15)
Retail		100.0%	61.6	20.9	7.9	6.5	3.1	(10)
Sports		100.0%	-	32.1	41.7	10.6	15.6	(7)
Accommodations		100.0%	-	25.8	22.1	7.3	44.8	(10)
Slide		100.0%	1.7	17.4	13.6	3.4	63.9	(4)
Other		100.0%	12.1	25.2	27.0	9.9	25.8	(12)

[a] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA--DEPARTMENTAL MARGIN
EAST & ONTARIO SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON:								
Ski Lift Dept.	$12.26	100.0%	- %	11.9%	12.1%	2.2%	73.8%	(18)
Ski School	1.13	100.0%	-	40.6	4.8	9.6	45.0	(16)
Food Service	2.93	100.0%	38.3	22.4	7.3	4.4	27.6	(15)
Bar	1.52	100.0%	26.6	14.3	5.7	1.0	52.4	(10)
Retail	1.18	100.0%	56.9	15.0	2.0	1.4	24.7	(6)
Rental	1.99	100.0%	13.6[a]	13.9	4.9	2.9	64.7	(15)
Accommodations	-	100.0%	-	25.7	34.5	3.4	36.4	(6)
Other	.34	100.0%	3.6	58.9	23.3	11.6	2.6	(17)
	$21.35							
YEAR ROUND:								
Real Estate		100.0%	0.0	41.1	16.4	7.3	35.2	(2)
Utility		100.0%	-	22.4	53.2	3.9	20.5	(3)
Miscellaneous		100.0%	4.8	6.7	7.2	1.0	80.3	(14)
SUMMER SEASON:								
Lift Department		100.0%	-	228.0	24.9	26.1	(179.0)	(2)
Food Service		100.0%	40.6	38.5	11.4	5.6	3.9	(7)
Retail		100.0%	68.1	16.5	2.7	0.8	11.9	(4)
Sports		100.0%	-	38.0	60.1	6.1	(4.2)	(5)
Accommodations		100.0%	-	35.9	37.6	4.6	21.9	(5)
Slide		100.0%	0.0	19.7	5.6	5.1	69.6	(4)
Other		100.0%	0.0	105.0	45.7	21.0	(71.7)	(6)

[a] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON:								
Ski Lift Dept.	$9.16	100.0%	- %	16.8%	16.6%	2.0%	64.6%	(13)
Ski School	.63	100.0%	-	55.4	9.1	7.2	28.3	(10)
Food Service	2.65	100.0%	38.2	23.3	8.3	2.6	27.6	(12)
Bar	1.37	100.0%	28.5	18.2	9.9	1.4	42.0	(9)
Retail	1.51	100.0%	57.8	9.8	4.7	1.4	26.3	(7)
Rental	2.38	100.0%	8.6[a]	14.6	4.5	1.9	70.4	(12)
Accommodations	-	100.0%	-	20.6	41.4	2.3	35.7	(4)
Other	.25	100.0%	4.7	17.1	14.7	0.6	62.9	(11)
	$17.95							
YEAR ROUND:								
Real Estate		100.0%	79.3	0.0	0.0	0.0	20.7	(1)
Utility		100.0%	133.3	166.7	0.0	0.0	(200.0)	(1)
Miscellaneous		100.0%	0.0	0.0	2.3	0.0	97.7	(6)
SUMMER SEASON:								
Lift Department		100.0%	-	49.5	5.5	5.5	39.5	(2)
Food Service		100.0%	36.3	26.6	9.1	3.1	24.9	(7)
Retail		100.0%	50.0	18.7	3.1	3.2	25.0	(3)
Sports		100.0%	-	17.1	14.7	1.7	66.5	(4)
Accommodations		100.0%	-	27.4	61.3	2.7	8.6	(2)
Slide		100.0%	-	-	-	-	-	(0)
Other		100.0%	32.6	23.9	34.8	2.2	6.5	(3)

[a] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
CENTRAL ROCKIES SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON:								
Ski Lift Dept.	$14.41	100.0%	- %	21.9%	10.1%	3.4%	64.6%	(22)
Ski School	2.22	100.0%	-	57.5	7.1	9.1	26.3	(20)
Food Service	2.82	100.0%	31.1	35.0	14.8	3.9	15.2	(14)
Bar	.71	100.0%	23.5	9.8	7.9	1.6	57.2	(9)
Retail	1.16	100.0%	54.2	15.1	7.4	2.1	21.2	(12)
Rental	.99	100.0%	14.7[a]	23.9	10.0	3.9	47.5	(14)
Accommodations	-	100.0%	-	42.4	47.2	7.0	3.4	(2)
Other	.55	100.0%	10.2	54.7	47.6	5.3	(17.8)	(17)
	$22.86							
YEAR ROUND:								
Real Estate		100.0%	47.7	3.2	2.8	0.2	46.1	(7)
Utility		100.0%	-	-	-	-	-	(0)
Miscellaneous		100.0%	0.0	7.9	4.5	4.2	83.4	(16)
SUMMER SEASON:								
Lift Department		100.0%	-	80.2	57.4	13.3	(50.9)	(6)
Food Service		100.0%	38.1	92.0	53.3	4.5	(87.9)	(6)
Retail		100.0%	63.2	24.8	25.2	5.1	(18.3)	(4)
Sports		100.0%	-	86.0	95.8	3.2	(85.0)	(3)
Accommodations		100.0%	-	84.0	111.4	12.6	(108.0)	(1)
Slide		100.0%	0.0	39.4	16.0	6.0	38.6	(3)
Other		100.0%	50.0	100.0	62.5	9.4	(121.9)	(2)

[a] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
NORTHERN ROCKIES SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON:								
Ski Lift Dept.	$12.40	100.0%	- %	19.9%	9.8%	3.1%	67.2%	(11)
Ski School	1.59	100.0%	-	59.9	8.9	7.6	23.6	(10)
Food Service	4.15	100.0%	42.6	32.4	7.2	4.8	13.0	(5)
Bar	.89	100.0%	23.4	23.4	9.1	3.5	40.6	(4)
Retail	.86	100.0%	56.6	12.2	3.5	1.5	26.2	(4)
Rental	1.65	100.0%	17.5[a]	24.2	4.3	3.5	50.5	(5)
Accommodations	-	100.0%	26.4	48.4	3.2	33.9	(11.9)	(2)
Other	.45	100.0%	-	114.1	21.3	27.0	(62.4)	(7)
	$21.99							
YEAR ROUND:								
Real Estate		100.0%	58.1	3.1	18.3	0.5	20.0	(3)
Utility		100.0%	-	13.9	52.0	4.9	29.2	(3)
Miscellaneous		100.0%	45.2	1.9	4.8	0.1	48.0	(6)
SUMMER SEASON:								
Lift Department		100.0%	-	45.3	36.7	3.4	14.6	(2)
Food Service		100.0%	39.9	56.6	8.4	8.4	(13.3)	(2)
Retail		100.0%	-	-	-	-	-	(0)
Sports		100.0%	-	-	-	-	-	(0)
Accommodations		100.0%	-	-	-	-	-	(0)
Slide		100.0%	-	-	-	-	-	(0)
Other		100.0%	-	-	-	-	-	(0)

[a] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
CALIFORNIA/NEVADA SKI AREAS, 1983-84

	Gross Sales		Less:					
	Per S-V	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON:								
Ski Lift Dept.	$16.28	100.0%	- %	13.7%	4.4%	2.3%	79.6%	(14)
Ski School	1.34	100.0%	-	49.6	4.2	7.2	39.0	(11)
Food Service	3.06	100.0%	44.3	26.9	5.0	2.4	21.4	(8)
Bar	.62	100.0%	44.5	17.6	5.8	3.1	29.0	(6)
Retail	2.12	100.0%	56.1	10.2	1.8	0.9	31.0	(9)
Rental	1.20	100.0%	12.0[a]	22.9	4.0	2.3	58.8	(11)
Accommodations	-	100.0%	-	30.5	10.2	1.6	57.7	(4)
Other	.70	100.0%	7.9	46.9	2.2	11.7	31.3	(10)
	$25.32							
YEAR ROUND:								
Real Estate		100.0%	0.0	2.6	73.7	0.0	23.7	(1)
Utility		100.0%	-	24.8	144.8	4.9	(74.5)	(1)
Miscellaneous		100.0%	0.1	11.5	0.0	1.1	87.3	(4)
SUMMER SEASON:								
Lift Department		100.0%	-	73.8	13.6	4.5	8.1	(4)
Food Service		100.0%	74.0	91.9	10.4	4.2	(80.5)	(4)
Retail		100.0%	65.0	39.1	10.0	1.4	(15.5)	(2)
Sports		100.0%	-	64.7	10.6	0.0	24.7	(1)
Accommodations		100.0%	-	79.9	69.8	4.3	(54.0)	(3)
Slide		100.0%	-	-	-	-	-	(0)
Other		100.0%	0.0	76.8	1.9	0.0	21.3	(2)

[a] Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA--DEPARTMENTAL MARGIN
PACIFIC NORTHWEST SKI AREAS, 1983-84

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V	%						
WINTER SEASON:								
Ski Lift Dept.	$11.17	100.0%	- %	23.1%	16.4%	2.3%	58.2%	(15)
Ski School	.77	100.0%	-	68.6	15.8	6.2	9.4	(13)
Food Service	2.58	100.0%	37.4	28.7	12.3	2.6	19.0	(13)
Bar	1.23	100.0%	25.1	18.5	14.0	2.4	40.0	(10)
Retail	1.41	100.0%	49.2	14.0	4.9	1.1	30.8	(6)
Rental	1.01	100.0%	14.4[a]	23.6	11.2	3.3	47.5	(8)
Accommodations	-	100.0%	-	33.7	50.7	4.5	11.1	(5)
Other	.24	100.0%	0.0	92.1	62.4	2.9	(57.4)	(11)
	$18.41							
YEAR ROUND:								
Real Estate		100.0%	-	-	-	-	-	(0)
Utility		100.0%	-	18.1	22.8	3.0	56.1	(5)
Miscellaneous		100.0%	0.0	0.0	0.0	0.0	100.0	(6)
SUMMER SEASON:								
Lift Department		100.0%	-	38.0	16.0	4.3	41.7	(2)
Food Service		100.0%	33.2	29.3	10.5	4.0	23.0	(5)
Retail		100.0%	44.9	18.7	1.3	2.2	32.9	(1)
Sports		100.0%	-	97.6	64.3	11.9	(73.8)	(1)
Accommodations		100.0%	-	20.9	10.3	2.2	66.6	(2)
Slide		100.0%	0.0	52.6	0.0	5.3	42.1	(1)
Other		100.0%	0.0	33.3	12.5	0.0	54.2	(1)

[a] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, AND VACATION SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 61 through 67 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 2,500" contains the smallest areas while "10,000+" has the giants. In general, revenue and profitability increase as ski areas get larger.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 68 through 74 contain the statistics by ski area type. This category refers to areas designed to serve functional markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are seven days. Operating profit on GFA is best this year at vacation areas. On the average, vacation and day areas reported the highest profit before taxes.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season is a critical variable to profitability. Again, the key measure, operating profit on GFA, generally increased with the length of the season.

TABLE 61

AVERAGE SKI AREA CHARACTERISITICS–BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SIZE					
VTF/Hour (000)	1,656	3,190	4,727	7,432	18,179
Gross Fixed Assets (000)	$2,522	$4,424	$4,208	$9,410	$25,636
Skiable Acres	73	147	406	365	1,437
Total Acres	259	755	904	794	3,712
LOCATION					
Within 50 Miles of SMSA	44%	36%	26%	25%	43%
With 6+ Areas in 1 Hour	7%	36%	30%	25%	48%
New England	11%	36%	22%	11%	19%
East	26%	29%	9%	14%	5%
Midwest	41%	7%	4%	0%	0%
Central Rockies	11%	21%	13%	18%	38%
Northern Rockies	0%	7%	9%	21%	10%
California & Nevada	7%	0%	22%	18%	10%
Pacific Northwest	4%	0%	22%	18%	19%
SITE CHARACTERISTICS					
Number of Beds at Base	78	50	240	1,242	5,023
Number of Beds (10 Miles)	2,915	808	2,383	3,463	11,261
With Snowmaking	85%	79%	65%	54%	86%
With Night Skiing	67%	43%	35%	82%	19%
Terrain: Beginner	30%	24%	24%	24%	24%
Intermediate	50%	54%	50%	46%	49%
Expert	20%	22%	26%	30%	27%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	15%	36%	47%	44%	62%
Engaged in Land Development	22%	14%	35%	46%	43%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	113	134	130	142	150
Average Peak Day Crowd	1,678	3,299	3,198	4,813	9,751
Average Skier Visits (000)	55	121	121	229	564
Average Age of Ski Areas	25 years	30 years	26 years	24 years	26 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$12.54	$13.29	$13.11	$15.45	$17.27
Average Lift Ticket Revenue/S-V	$ 8.88	$10.13	$10.70	$13.69	$15.35
Average Adult Lift Ticket Price:					
(Weekend)	$14.92	$16.18	$17.35	$18.56	$20.74
(Weekday)	$11.90	$13.46	$16.17	$17.87	$20.13
Average Night Ticket Price:					
(Weekend)	$ 8.65	$ 9.74	$10.69	$10.85	$10.13
(Weekday)	$ 8.18	$ 9.08	$10.31	$ 8.22	$ 8.87
Average Adult Season Ticket Price	$ 233	$ 264	$ 338	$ 373	$ 489
Average Utilization	36%	45%	30%	36%	35%
Avg. Profit (Loss) Before Tax (000)	$ (50)	$ 135	$ 115	$ 214	$1,126
Ratio: Revenue/GFA	37%	38%	43%	43%	44%
Base	(27)	(14)	(23)	(28)	(21)

TABLE 62

ECONOMIC RATIOS–BY SIZE (000) VTF/HOUR)

	Key	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
VTF/Hour (000)	A	1,656	3,190	4,727	7,432	18,179
VTF/Hour - Demand/Skier Visit	B	1,291	1,555	1,553	1,653	1,728
Skier Capacity	C	1,283	2,052	3,044	4,497	10,519
Days/Nights of Operation	D	113	134	130	142	150
Season Capacity (000)	E	151	269	402	642	1,634
Day Ski Capacity (000)		112	213	353	610	1,585
Night Ski Capacity (000)		60	131	143	128	244
Actual Skier Visits (000)	F	55	121	121	229	564
Day Ski Visits (000)		40	97	112	221	554
Night Ski Visits (000)		24	57	28	43	48
Profit (Loss) Before Tax (000)	G	$ (50)	$ 135	$ 115	$ 214	$ 1,126
Plus: Depreciation (000)	H	$ 132	$ 253	$ 258	$ 631	$ 1,805
Before Tax Cash Flow (000)	I	$ 82	$ 388	$ 373	$ 845	$ 2,931
Operating Profit (Loss) (000)	J	$ 92	$ 314	$ 293	$ 675	$ 2,244
Cash Operating Costs (000)	K	$ 725	$1,122	$1,253	$2,756	$ 7,106
Gross Fixed Assets (000)	L	$2,522	$4,424	$4,208	$9,410	$25,636
Long Term Debt (000)	M	$ 913	$1,343	$1,247	$4,369	$10,299
Equity (000)	N	$ 225	$1,096	$1,410	$3,827	$10,416
Critical Ratios						
1. Health (Debt to Cash Flow)		11.1X	3.5X	3.3X	5.2X	3.5X
Profitability:						
2. Operating Profit on GFA		3.6%	7.1%	7.0%	7.2%	8.8%
3. Profit (BT) on Equity		Loss	12.3%	8.2%	5.6%	10.8%
Performance:						
4. Average Utilization		36.4%	45.0%	30.1%	35.7%	34.5%
Day Utilization		35.7%	45.5%	31.7%	36.2%	35.0%
Night Utilization		40.0%	43.5%	19.6%	33.6%	19.7%
5. Days/Nights of Operation		113	134	130	142	150
Policy & Planning:						
6. Capital/Capacity Ratio		$1,966	$2,156	$1,382	$2,093	$2,437
7. Operating/Capacity		$ 4.80	$ 4.17	$ 3.12	$ 4.29	$ 4.35
Revenue/Skier Visit:						
Ski Lift Gross		$ 8.88	$10.13	$10.70	$13.69	$15.35
Ski School Margin		$ .36	$ .68	$ .34	$ .27	$ .51
Food Service Margin		$ .80	$ .55	$ .53	$ .47	$ .54
Bar Margin		$ .36	$ .39	$ .32	$ .22	$ .28
Ski Shop Margin		$ .51	$ .19	$ .38	$ .33	$ .35
Ski Rental Margin		$ 1.63	$ 1.20	$ .64	$ .47	$ .35
Other Margin		$ .00	$ .15	$ .20	$ .00	$ (.11)
8. Total - Revenue/Skier Visit		$12.54	$13.29	$13.11	$15.45	$17.27
Base		(27)	(14)	(23)	(28)	(21)

TABLE 63

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Gross Fixed Assets	$2,522	$4,424	$4,208	$9,410	$25,636
Revenue:					
Ski Lift Gross - Winter	$ 491	$1,230	$1,297	$3,137	$8,649
Ski Lift Gross - Summer	1	12	37	30	58
Supporting Margin - Winter	299	385	323	439	1,209
Supporting Margin - Summer	91	46	59	81	(26)
Year Round Margin	67	16	88	375	1,265
TOTAL REVENUE	$ 949	$1,689	$1,804	$4,062	$11,155
Less:					
Ski Lift Direct Expense	$ 174	$ 344	$ 410	$ 910	$ 2,288
Payroll Taxes	14	39	47	127	223
Property Operation	107	97	134	269	506
OPERATIONS MARGIN	$ 654	$1,209	$1,213	$2,756	$ 8,138
Less:					
General & Administrative	$ 168	$ 201	$ 296	$ 629	$ 1,995
Marketing (advertising, public relations, promotion, etc.)	76	112	109	277	658
Insurance (property, liability)	39	64	68	149	312
Land Use Fees (public)	4	15	40	67	255
Land Use Fees (private)	14	3	8	18	66
Property Taxes	19	21	26	78	255
Other Taxes (except income)	11	17	10	29	195
Snowmaking	81	188	75	138	240
Snow Removal	5	1	3	24	26
Miscellaneous	13	20	27	41	87
Depreciation & Amortization	132	253	258	631	1,805
OPERATING PROFIT (LOSS)	$ 92	$ 314	$ 293	$ 675	$ 2,244
Less: Interest	142	179	178	461	1,118
PROFIT (LOSS) BEFORE TAX	$ (50)	$ 135	$ 115	$ 214	$ 1,126
Base	(27)	(14)	(23)	(28)	(21)

TABLE 64

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	19.5%	27.8%	30.8%	33.3%	33.7%
Ski Lift Gross - Summer	0.0	0.3	0.9	0.3	0.2
Supporting Margin - Winter	11.9	8.7	7.7	4.7	4.7
Supporting Margin - Summer	3.6	1.0	1.4	0.9	(0.1)
Year Round Margin	2.6	0.4	2.1	4.0	5.0
TOTAL REVENUE	37.6%	38.2%	42.9%	43.2%	43.5%
Less:					
Ski Lift Direct Expense	6.9%	7.8%	9.7%	9.7%	8.9%
Payroll Taxes	0.6	0.9	1.1	1.3	0.9
Property Operation	4.2	2.2	3.3	2.9	2.0
OPERATIONS MARGIN	25.9%	27.3%	28.8%	29.3%	31.7%
Less:					
General & Administrative	6.7%	4.5%	7.0%	6.7%	7.8%
Marketing (advertising, public relations, promotion, etc.)	3.0	2.5	2.6	2.9	2.6
Insurance (property, liability)	1.5	1.5	1.6	1.6	1.2
Land Use Fees (public)	0.2	0.3	1.0	0.7	1.0
Land Use Fees (private)	0.6	0.1	0.2	0.2	0.3
Property Taxes	0.8	0.5	0.6	0.8	1.0
Other Taxes (except income)	0.4	0.4	0.2	0.3	0.8
Snowmaking	3.2	4.2	1.8	1.4	0.9
Snow Removal	0.2	0.0	0.1	0.3	0.1
Miscellaneous	0.5	0.5	0.6	0.5	0.2
Depreciation & Amortization	5.2	5.7	6.1	6.7	7.0
OPERATING PROFIT (LOSS)	3.6%	7.1%	7.0%	7.2%	8.8%
Less: Interest	5.6	4.0	4.3	4.9	4.4
PROFIT (LOSS) BEFORE TAX	(2.0)%	3.1%	2.7%	2.3%	4.4%
Base	(27)	(14)	(23)	(28)	(21)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA--INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Revenue:					
Ski Lift Gross - Winter	51.7%	72.8%	71.9%	77.2%	77.5%
Ski Lift Gross - Summer	0.1	0.7	2.1	0.7	0.5
Supporting Margin - Winter	31.5	22.8	17.9	10.8	10.8
Supporting Margin - Summer	9.6	2.7	3.3	2.0	(0.2)
Year Round Margin	7.1	1.0	4.8	9.3	11.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	18.3%	20.4%	22.7%	22.4%	20.5%
Payroll Taxes	1.5	2.3	2.6	3.1	2.0
Property Operation	11.3	5.7	7.5	6.6	4.5
OPERATIONS MARGIN	68.9%	71.6%	67.2%	67.8%	73.0%
Less:					
General & Administrative	17.7%	11.9%	16.4%	15.5%	17.9%
Marketing (advertising, public relations, promotion, etc.)	8.0	6.6	6.0	6.8	5.9
Insurance (property, liability)	4.1	3.8	3.8	3.7	2.8
Land Use Fees (public)	0.4	0.9	2.2	1.7	2.3
Land Use Fees (private)	1.5	0.2	0.4	0.4	0.6
Property Taxes	2.0	1.2	1.4	1.9	2.3
Other Taxes (except income)	1.2	1.0	0.6	0.7	1.7
Snowmaking	8.5	11.1	4.2	3.4	2.2
Snow Removal	0.5	0.1	0.2	0.6	0.2
Miscellaneous	1.4	1.2	1.5	1.0	0.8
Depreciation & Amortization	13.9	15.0	14.3	15.5	16.2
OPERATING PROFIT (LOSS)	9.7%	18.6%	16.2%	16.6%	20.1%
Less: Interest	15.0	10.6	9.8	11.3	10.0
PROFIT (LOSS) BEFORE TAX	(5.3)%	8.0%	6.4%	5.3%	10.1%
Base	(27)	(14)	(23)	(28)	(21)

TABLE 66

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	6.8%	6.8%	7.4%	6.5%	5.6%
Ski Patrol Payroll	1.5	2.3	2.6	3.9	2.9
Slope Maintenance Payroll	1.9	1.5	2.7	2.8	2.4
Maintenance & Repair Payroll	4.5	4.5	4.6	3.7	3.4
Ticket Sales Payroll	1.5	1.3	1.5	1.3	1.3
Other Payroll	1.4	3.5	1.5	0.8	1.1
TOTAL PAYROLL	17.6%	19.9%	20.3%	19.0%	16.7%
PAYROLL TAXES	3.3%	3.3%	3.7%	4.4%	2.3%
OTHER DIRECT	10.5%	9.6%	10.7%	10.1%	7.9%
GROSS MARGIN	68.6%	67.2%	65.3%	66.5%	73.1%
Base	(14)	(11)	(16)	(21)	(20)

TABLE 67

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Assets					
Current Assets	$ 307	$ 239	$ 339	$ 1,712	$ 3,125
Gross Fixed Assets	2,681	4,157	4,208	9,410	25,636
Less: Depreciation	(1,314)	(1,628)	(1,782)	(3,627)	(7,991)
Other Assets	1,045	182	563	2,535	4,230
TOTAL ASSETS	$2,719	$2,950	$3,328	$10,030	$25,000
Liabilities & Net Worth					
Current Liabilities	$1,349	$ 406	$ 510	$ 1,279	$ 2,494
Long-Term Debt	854	1,133	1,166	3,738	8,091
Subordinated Debt	58	209	80	632	2,207
Deferred Taxes	76	3	71	90	749
Other Liabilities	156	103	91	465	1,043
Net Worth					
Invested	303	807	1,372	2,824	4,396
Retained Earnings	(77)	289	38	1,002	6,020
TOTAL LIABILITIES & NET WORTH	$2,719	$2,950	$3,328	$10,030	$25,000
Base	(24)	(13)	(23)	(28)	(21)

TABLE 68

AVERAGE SKI AREA CHARACTERISTICS–BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SIZE			
VTF/Hour (000)	4,220	6,279	11,638
Gross Fixed Assets (000)	$4,227	$7,695	$17,493
Skiable Acres	373	426	1,010
Total Acres	883	904	3,192
LOCATION			
Within 50 Miles of SMSA	43%	28%	14%
With 6+ Areas in 1 Hour	22%	32%	34%
New England	15%	20%	20%
East	23%	16%	6%
Midwest	15%	16%	3%
Central Rockies	9%	12%	40%
Northern Rockies	6%	12%	14%
California & Nevada	17%	16%	3%
Pacific Northwest	15%	8%	14%
SITE CHARACTERISTICS			
Number of Beds at Base	93	1,590	2,966
Number of Beds (10 Miles)	1,834	4,090	7,806
With Snowmaking	66%	68%	86%
With Night Skiing	57%	57%	11%
Terrain: Beginner	26%	25%	24%
Intermediate	50%	50%	47%
Expert	24%	25%	29%
BUSINESS CHARACTERISTICS			
Operating With USFS Permit	36%	56%	63%
Engaged in Land Development	19%	28%	60%
OPERATIONAL CHARACTERISTICS			
Average Days/Nights of Operation	129	132	141
Average Peak Day Crowd	3,279	4,213	6,442
Average Skier Visits (000)	125	192	367
Average Age of Ski Areas	25 years	30 years	23 years
ECONOMIC CHARACTERISTICS			
Average Revenue/Skier Visit	$13.38	$15.13	$17.10
Average Lift Ticket Revenue/S-V	$10.85	$13.87	$14.93
Avg. Adult Lift Ticket Price (Weekend)	$15.89	$17.38	$20.20
Avg. Adult Lift Ticket Price (Weekday)	$13.51	$15.78	$19.83
Average Night Ticket Price (Weekend)	$ 9.44	$ 9.64	$10.87
Average Night Ticket Price (Weekday)	$ 8.81	$ 8.97	$10.12
Average Adult Season Ticket Price	$ 272	$ 331	$ 430
Average Utilization	33%	32%	37%
Average Profit (Loss) Before Tax	$ 95	$ 25	$ 776
Ratio: Revenue/GFA	41%	45%	43%
Base	(53)	(25)	(35)

TABLE 69

ECONOMIC RATIOS–BY TYPE OF SKI AREA

	Key	Day	Weekend	Vacation	Your Ski Area
VTF/Hour (000)	A	4,220	6,279	11,638	_____
VTF/Hour - Demand/Skier Visit	B	1,559	1,523	1,744	_____
Skier Capacity	C	2,707	4,124	6,675	_____
Days/Nights of Operation	D	129	132	141	_____
Season Capacity (000)	E	380	597	981	_____
Day Season Capacity (000)		315	552	972	_____
Night Season Capacity (000)		114	126	83	_____
Actual Skier Visits (000)	F	125	192	367	_____
Day Skier Visits (000)		105	186	363	_____
Night Skier Visits (000)		37	32	27	_____
Profit (Loss) Before Tax (000)	G	$ 95	$ 25	$ 776	$_____
Plus: Depreciation (000)	H	$ 251	$ 574	$ 1,170	$_____
Before Tax Cash Flow (000)	I	$ 346	$ 599	$ 1,946	$_____
Operating Profit (Loss) (000)	J	$ 281	$ 337	$ 1,609	$_____
Cash Operating Costs (000)	K	$1,189	$2,548	$ 4,680	$_____
Gross Fixed Assets (000)	L	$4,227	$7,695	$17,493	$_____
Secured Debt (000)	M	$1,408	$2,842	$ 7,617	$_____
Equity (000)	N	$1,276	$1,762	$ 7,754	$_____
Critical Ratios					
1. Health (Debt to Cash Flow)		4.1X	4.7X	3.9X	_____X
Profitability:					
2. Operating Profit on GFA		6.6%	4.4%	9.2%	_____%
3. Profit (BT) on Equity		7.4%	1.4%	10.0%	_____%
Performance:					
4. Average Utilization		32.9%	32.2%	37.4%	_____%
Day Utilization		33.3%	33.7%	37.3%	_____
Night Utilization		32.5%	25.4%	32.5%	_____
5. Day/Nights of Operation		129	132	141	_____
Policy & Planning:					
6. Capital/Capacity Ratio		$1,562	$1,866	$ 2,621	$_____
7. Operating/Capacity Ratio		$ 3.13	$ 4.27	$ 4.77	$_____
Revenue/Skier Visit:					
Ski Lift Gross		$10.85	$13.87	$ 14.93	$_____
Ski School Margin		$ .37	$ .34	$ .49	$_____
Food Service Margin		$ .52	$ .63	$ .51	$_____
Bar Margin		$ .32	$ .20	$ .29	$_____
Ski Shop Margin		$ .30	$ .39	$ .35	$_____
Ski Rental Margin		$ .89	$ .56	$ .38	$_____
Other Margin		$ .13	$ .14	$ .15	$_____
8. Total - Revenue/Skier Visit		$13.38	$16.13	$ 17.10	$_____
Base		(53)	(25)	(35)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Your Ski Area
Gross Fixed Assets	$4,227	$7,695	$17,493	$_____
Revenue:				
Ski Lift Gross - Winter	$1,352	$2,663	$ 5,473	$_____
Ski Lift Gross - Summer	12	21	55	_____
Supporting Margin - Winter	320	510	825	_____
Supporting Margin - Summer	20	166	27	_____
Year Round Margin	17	99	1,079	_____
TOTAL REVENUE	$1,721	$3,459	$ 7,459	$_____
Less:				
Ski Lift Direct Expense	$ 441	$ 602	$ 1,545	$_____
Payroll Taxes	53	60	171	_____
Property Operation	95	192	445	_____
OPERATIONS MARGIN	$1,132	$2,605	$ 5,297	$_____
Less:				
General & Administrative	$ 227	$ 975	$ 1,064	$_____
Marketing (advertising, public relations, promotion, etc.)	92	193	514	_____
Insurance (property, liability)	79	170	165	_____
Land Use Fees (public)	26	78	147	_____
Land Use Fees (private)	8	2	57	_____
Property Taxes	30	79	154	_____
Other Taxes (except income)	12	57	104	_____
Snowmaking	99	114	211	_____
Snow Removal	9	6	24	_____
Miscellaneous	18	20	78	_____
Depreciation & Amortization	251	574	1,170	_____
OPERATING PROFIT (LOSS)	$ 281	$ 337	$ 1,609	$_____
Less: Interest	186	312	833	_____
PROFIT (LOSS) BEFORE TAX	$ 95	$ 25	$ 776	$_____
Base	(53)	(25)	(35)	

TABLE 71

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets			
	Day	Weekend	Vacation	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	32.0%	34.6%	31.3%	_____ %
Ski Lift Gross - Summer	0.3	0.3	0.3	_____
Supporting Margin - Winter	7.6	6.6	4.7	_____
Supporting Margin - Summer	0.5	2.2	0.2	_____
Year Round Margin	0.3	1.3	6.1	_____
TOTAL REVENUE	40.7%	45.0%	42.6%	_____ %
Less:				
Ski Lift Direct Expense	10.4%	7.8%	8.8%	_____ %
Payroll Taxes	1.2	0.8	1.0	_____
Property Operation	2.3	2.5	2.5	_____
OPERATIONS MARGIN	26.8%	33.9%	30.3%	_____ %
Less:				
General & Administrative	5.4%	12.7%	6.1%	_____ %
Marketing (advertising, public relations, promotion, etc.)	2.2	2.5	2.9	_____
Insurance (property, liability)	1.9	2.2	0.9	_____
Land Use Fees (public)	0.6	1.0	0.8	_____
Land Use Fees (private)	0.2	0.0	0.3	_____
Property Taxes	0.8	1.0	0.9	_____
Other Taxes (except income)	0.3	0.7	0.6	_____
Snowmaking	2.3	1.5	1.2	_____
Snow Removal	0.2	0.1	0.1	_____
Miscellaneous	0.4	0.3	0.5	_____
Depreciation & Amortization	5.9	7.5	6.7	_____
OPERATING PROFIT (LOSS)	6.6%	4.4%	9.2%	_____ %
Less: Interest	4.4	4.1	4.8	_____
PROFIT (LOSS) BEFORE TAX	2.2%	0.3%	4.4%	_____ %
Base	(53)	(25)	(35)	

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Revenue			
	Day	Weekend	Vacation	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	78.6%	77.0%	73.4%	_____%
Ski Lift Gross - Summer	0.7	0.6	0.7	_____
Supporting Margin - Winter	18.6	14.7	11.1	_____
Supporting Margin - Summer	1.2	4.8	0.4	_____
Year Round Margin	0.9	2.9	14.4	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	25.6%	17.4%	20.7%	_____%
Payroll Taxes	3.0	1.7	2.3	_____
Property Operation	5.6	5.6	6.0	_____
OPERATIONS MARGIN	65.8%	75.3%	71.0%	_____%
Less:				
General & Administrative	13.2%	28.2%	14.3%	_____%
Marketing (advertising, public relations, promotion, etc.)	5.3	5.6	6.9	_____
Insurance (property, liability)	4.6	4.9	2.2	_____
Land Use Fees (public)	1.5	2.3	2.0	_____
Land Use Fees (private)	0.5	0.1	0.8	_____
Property Taxes	1.7	2.3	2.1	_____
Other Taxes (except income)	0.7	1.6	1.4	_____
Snowmaking	5.8	3.3	2.8	_____
Snow Removal	0.5	0.2	0.3	_____
Miscellaneous	1.1	0.5	0.9	_____
Depreciation & Amortization	14.6	16.6	15.7	_____
OPERATING PROFIT (LOSS)	16.3%	9.7%	21.6%	_____%
Less: Interest	10.8	9.0	11.2	_____
PROFIT (LOSS) BEFORE TAX	5.5%	0.7%	10.4%	_____%
Base	(53)	(25)	(35)	

TABLE 73

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SKI LIFT GROSS			
Revenue (Winter)	100.0%	100.0%	100.0%
LESS:			
Ski Lift Payroll	7.3%	5.2%	6.0%
Ski Patrol Payroll	2.7	2.7	3.2
Slope Maintenance Payroll	2.4	2.1	2.5
Maintenance & Repair Payroll	4.5	2.9	3.7
Ticket Sales Payroll	1.2	1.2	1.4
Other Payroll	1.2	0.9	1.3
TOTAL PAYROLL	19.3%	15.0%	18.1%
PAYROLL TAXES	4.0%	2.1%	2.9%
OTHER DIRECT	11.3%	7.1%	8.7%
GROSS MARGIN	65.4%	75.8%	70.3%
Base	(34)	(20)	(28)

TABLE 74

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)
Assets			
Current Assets	$ 570	$ 701	$ 2,469
Gross Fixed Assets	4,334	7,695	17,493
Less: Depreciation	(1,878)	(3,328)	(5,366)
Other Assets	717	632	4,263
TOTAL ASSETS	$3,743	$5,700	$18,859
Liabilities & Net Worth			
Current Liabilities	$ 831	$ 869	$ 2,147
Long-Term Debt	1,013	1,883	6,855
Subordinated Debt	396	959	762
Deferred Taxes	81	114	426
Other Liabilities	147	112	915
Net Worth			
Invested	781	1,201	4,355
Retained Earnings	494	562	3,399
TOTAL LIABILITIES & NET WORTH	$3,743	$5,700	$18,859
Base	(49)	(25)	(35)

TABLE 75

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	1,903	4,492	3,591	6,804	8,925	11,781
Gross Fixed Assets (000)	$1,556	$2,650	$4,750	$8,319	$10,270	$18,991
Skiable Acres	82	74	148	721	817	1,034
Total Acres	238	233	726	1,934	2,214	2,584
LOCATION						
Within 50 Miles of SMSA	50%	50%	38%	43%	18%	14%
With 6+ Areas in 1 Hour	0%	17%	25%	19%	29%	55%
New England	8%	33%	25%	10%	18%	18%
East	17%	50%	25%	19%	7%	5%
Midwest	42%	0%	25%	10%	0%	0%
Central Rockies	8%	17%	13%	24%	29%	18%
Northern Rockies	0%	0%	4%	19%	7%	18%
California & Nevada	25%	0%	0%	19%	4%	27%
Pacific Northwest	0%	0%	8%	0%	36%	14%
SITE CHARACTERISTICS						
Number of Beds at Base	18	75	192	586	2,213	3,795
Number of Beds (10 Miles)	279	1,746	1,736	7,428	817	6,670
With Snowmaking	17%	83%	88%	81%	61%	59%
With Night Skiing	67%	67%	58%	33%	25%	14%
Terrain: Beginner	29%	28%	28%	24%	22%	25%
Intermediate	49%	55%	50%	48%	50%	48%
Expert	22%	17%	22%	28%	28%	27%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	17%	17%	25%	62%	64%	68%
Engaged in Land Development	0%	17%	33%	48%	43%	32%

TABLE 75 (Continued)

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	78	98	121	133	151	164
Average Peak Day Crowd	1,247	2,244	3,258	4,305	5,210	7,351
Average Skier Visits (000)	32	71	120	198	254	422
Average Age of Ski Areas	29 years	24 years	26 years	26 years	25 years	24 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$13.31	$11.48	$14.54	$15.63	$15.16	$16.92
Average Lift Ticket Revenue/Skier Visit	$ 9.84	$ 8.48	$11.25	$13.40	$13.44	$14.96
Average Adult Lift Ticket Price						
(Weekend)	$14.88	$17.42	$16.72	$17.61	$18.67	$18.49
(Weekday)	$11.71	$13.83	$14.07	$16.44	$17.84	$18.13
Average Night Ticket Price						
(Weekend)	$ 8.38	$ 9.00	$ 9.87	$10.96	$10.29	$ 7.83
(Weekday)	$ 7.31	$ 8.50	$ 9.45	$ 9.96	$ 9.64	$ 7.83
Average Adult Season Ticket Price	$ 212	$ 264	$ 272	$ 334	$ 379	$ 427
Average Utilization	34%	32%	42%	36%	32%	36%
Average Profit (Loss) Before Tax	$ 1	$ (462)	$ 228	$ 181	$ 352	$ 748
Ratio: Revenue/GFA	29%	31%	42%	44%	41%	44%
Base	(12)	(6)	(24)	(21)	(28)	(22)

TABLE 76

ECONOMIC RATIOS–BY LENGTH OF SEASON

	Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	A	1,903	4,492	3,591	6,804	8,925	11,781
VTF/Hour - Demand/Skier Visit	B	1,364	1,941	1,456	1,677	1,680	1,657
Skier Capacity	C	1,395	2,314	2,467	4,057	5,314	7,108
Days/Nights of Operation	D	78	98	121	133	151	164
Season Capacity (000)	E	95	223	287	544	802	1,189
Day Season Capacity (000)		69	195	234	490	742	1,172
Night Season Capacity (000)		39	33	91	161	237	127
Actual Skier Visits (000)	F	32	71	120	198	254	422
Day Skier Visits (000)		25	52	99	182	245	419
Night Skier Visits (000)		14	29	38	46	50	23
Profit (Loss) Before Tax (000)	G	$ 1	$ (462)	$ 228	$ 181	$ 352	$ 748
Plus: Depreciation (000)	H	$ 56	$ 168	$ 280	$ 603	$ 678	$ 1,299
Before Tax Cash Flow (000)	I	$ 57	$ (294)	$ 508	$ 784	$ 1,030	$ 2,047
Operating Profit (Loss) (000)	J	$ 56	$ (176)	$ 437	$ 570	$ 855	$ 1,529
Cash Operating Costs (000)	K	$ 333	$ 839	$1,288	$2,496	$ 2,666	$ 5,612
Gross Fixed Assets (000)	L	$1,556	$2,650	$4,750	$8,319	$10,270	$18,991
Long Term Debt (000)	M	$ 522	$ 598	$1,782	$4,056	$ 4,078	$ 7,343
Equity (000)	N	$ 245	$ (104)	$1,156	$3,094	$ 4,388	$ 7,490
Critical Ratios							
1. Health (Debt to Cash Flow)		9.2X	-	3.5X	5.2X	4.0X	3.6X
Profitability:							
2. Operating Profit on GFA		3.6%	Loss	9.2%	6.9%	8.3%	8.1%
3. Profit (Before Tax) on Equity		0.4%	Loss	19.7%	5.9%	8.0%	10.0%
Performance:							
4. Average Utilization		33.7%	31.8%	41.8%	36.4%	31.7%	35.5%
Day Utilization		36.2%	26.7%	42.3%	37.1%	33.0%	35.8%
Night Utilization		35.9%	87.9%	41.8%	28.6%	21.1%	18.1%

TABLE 76 (Continued)

ECONOMIC RATIOS–BY LENGTH OF SEASON

	Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
5. Days/Nights of Operation		78	98	121	133	151	164
Policy & Planning:							
6. Capital/Capacity Ratio		$1,115	$1,145	$1,925	$2,051	$1,933	$2,672
7. Operating/Capacity Ratio		$ 3.51	$ 3.76	$ 4.49	$ 4.59	$ 3.32	$ 4.72
Revenue/Skier Visit:							
Ski Lift Gross		$ 9.84	$ 8.48	$11.25	$13.40	$13.44	$14.96
Ski School Margin		$ .21	$ .38	$ .55	$ .49	$ .37	$ .42
Food Service Margin		$ .46	$ .37	$ .63	$ .55	$ .53	$ .52
Bar Margin		$ .13	$ .12	$ .43	$ .17	$ .27	$ .31
Ski Shop Margin		$ .20	$ .71	$ .30	$ .26	$ .24	$ .46
Ski Rental Margin		$ 2.24	$ 1.02	$ 1.21	$ .56	$ .29	$ .45
Other Margin		$ .23	$ .40	$ .17	$ .20	$ .02	$ (.20)
8. Total - Revenue/Skier Visit		$13.31	$11.48	$14.54	$15.63	$15.16	$16.92
Base		(12)	(6)	(24)	(21)	(28)	(22)

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	$1,556	$2,650	$4,750	$8,319	$10,270	$18,991
Revenue:						
Ski Lift Gross - Winter	$ 320	$ 604	$1,346	$2,647	$ 3,408	$ 6,317
Ski Lift Gross - Summer	6	20	6	43	15	65
Supporting Margin - Winter	112	168	433	452	468	1,057
Supporting Margin - Summer	1	28	183	35	20	15
Year Round Margin	6	11	37	492	288	986
TOTAL REVENUE	$ 445	$ 831	$2,005	$3,669	$4,199	$8,440
Less:						
Ski Lift Direct Expense	$ 92	$ 212	$ 345	$ 721	$ 1,060	$ 1,682
Payroll Taxes	8	21	41	92	124	166
Property Operation	21	125	154	244	170	494
OPERATIONS MARGIN	$ 324	$ 473	$1,465	$2,612	$ 2,845	$ 6,098
Less:						
General & Administrative	$ 67	$ 173	$ 271	$ 705	$ 499	$ 1,661
Marketing (advertising, public relations, promotion, etc.)	18	90	149	240	278	480
Insurance (property, liability)	23	53	71	116	108	293
Land Use Fees (public)	1	3	16	62	75	211
Land Use Fees (private)	31	0	12	8	27	42
Property Taxes	11	19	33	75	87	176
Other Taxes (except income)	2	1	17	21	34	176
Snowmaking	43	100	144	148	138	175
Snow Removal	6	9	5	9	19	26
Miscellaneous	10	33	30	55	47	30
Depreciation & Amortization	56	168	280	603	678	1,299
OPERATING PROFIT (LOSS)	$ 56	$ (176)	$ 437	$ 570	$ 855	$ 1,529
Less: Interest	55	286	209	389	503	781
PROFIT (LOSS) BEFORE TAX	$ 1	$ (462)	$ 228	$ 181	$ 352	$ 748
Base	(12)	(6)	(24)	(21)	(28)	(22)

TABLE 78

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:						
Ski Lift Gross - Winter	20.6%	22.8%	28.3%	31.8%	33.2%	33.3%
Ski Lift Gross - Summer	0.4	0.8	0.1	0.5	0.1	0.3
Supporting Margin - Winter	7.2	6.3	9.1	5.4	4.6	5.6
Supporting Margin - Summer	0.1	1.1	3.9	0.4	0.2	0.1
Year Round Margin	0.3	0.4	0.8	6.0	2.8	5.1
TOTAL REVENUE	28.6%	31.4%	42.2%	44.1%	40.9%	44.4%
Less:						
Ski Lift Direct Expense	5.9%	8.1%	7.3%	8.7%	10.3%	8.9%
Payroll Taxes	0.5	0.8	0.9	1.1	1.2	0.9
Property Operation	1.4	4.7	3.2	2.9	1.7	2.5
OPERATIONS MARGIN	20.8%	17.8%	30.8%	31.4%	27.7%	32.1%
Less:						
General & Administrative	4.3%	6.5%	5.7%	8.5%	4.9%	8.7%
Marketing (advertising, public relations, promotion, etc.)	1.2	3.4	3.1	2.9	2.7	2.5
Insurance (property, liability)	1.5	2.0	1.5	1.4	1.1	1.5
Land Use Fees (public)	0.1	0.1	0.3	0.7	0.7	1.1
Land Use Fees (private)	2.0	0.0	0.3	0.1	0.3	0.2
Property Taxes	0.7	0.7	0.7	0.9	0.8	0.9
Other Taxes (except income)	0.1	0.0	0.4	0.3	0.3	0.9
Snowmaking	2.8	3.8	3.0	1.8	1.3	0.9
Snow Removal	0.4	0.3	0.1	0.1	0.2	0.2
Miscellaneous	0.5	1.3	0.6	0.6	0.5	0.3
Depreciation & Amortization	3.6	6.3	5.9	7.2	6.6	6.8
OPERATING PROFIT (LOSS)	3.6%	(6.6%)	9.2%	6.9%	8.3%	8.1%
Less: Interest	3.5	10.8	4.4	4.7	4.9	4.2
PROFIT (LOSS) BEFORE TAX	0.1%	(17.4%)	4.8%	2.2%	3.4%	3.9%
Base	(12)	(6)	(24)	(21)	(28)	(22)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Revenue					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Revenue:						
Ski Lift Gross - Winter	71.9%	72.7%	67.1%	72.1%	81.2%	74.8%
Ski Lift Gross - Summer	1.3	2.4	0.3	1.2	0.4	0.8
Supporting Margin - Winter	25.2	20.2	21.6	12.3	11.1	12.5
Supporting Margin - Summer	0.2	3.4	9.1	1.0	0.5	0.2
Year Round Margin	1.4	1.3	1.9	13.4	6.8	11.7
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:						
Ski Lift Direct Expense	20.7%	25.5%	17.2%	19.7%	25.2%	19.9%
Payroll Taxes	1.8	2.5	2.0	2.5	3.0	2.0
Property Operation	4.7	15.1	7.7	6.6	4.0	5.8
OPERATIONS MARGIN	72.8%	56.9%	73.1%	71.2%	67.8%	72.3%
Less:						
General & Administrative	15.1%	20.8%	13.5%	19.2%	11.9%	19.7%
Marketing (advertising, public relations, promotion, etc.)	4.0	10.8	7.4	6.5	6.6	5.7
Insurance (property, liability)	5.2	6.4	3.5	3.2	2.6	3.5
Land Use Fees (public)	0.2	0.4	0.8	1.7	1.8	2.5
Land Use Fees (private)	7.0	0.0	0.6	0.2	0.6	0.5
Property Taxes	2.5	2.3	1.6	2.0	2.1	2.1
Other Taxes (except income)	0.4	0.1	0.8	0.6	0.8	2.1
Snowmaking	9.7	12.0	7.2	4.0	3.3	2.1
Snow Removal	1.3	1.1	0.3	0.3	0.5	0.3
Miscellaneous	2.2	4.0	1.5	1.6	1.1	0.3
Depreciation & Amortization	12.6	20.2	14.0	16.4	16.1	15.4
OPERATING PROFIT (LOSS)	12.6%	(21.2)%	21.8%	15.5%	20.4%	18.1%
Less: Interest	12.4	34.4	10.4	10.6	12.0	9.2
PROFIT (LOSS) BEFORE TAX	0.2%	(55.6)%	11.4%	4.9%	8.4%	8.9%
Base	(12)	(6)	(24)	(21)	(28)	(22)

TABLE 80

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS:						
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:						
Ski Lift Payroll	7.0%	10.0%	5.9%	6.5%	6.9%	5.3%
Ski Patrol Payroll	0.9	1.3	2.1	3.3	3.6	2.8
Slope Maintenance Payroll	3.5	4.5	1.9	2.2	2.9	2.2
Maintenance & Repair Payroll	2.2	6.5	4.1	3.8	3.4	3.5
Ticket Sales Payroll	1.4	1.6	1.2	1.2	1.3	1.4
Other Payroll	0.4	0.8	0.9	1.3	1.4	1.2
TOTAL PAYROLL	15.3%	24.7%	16.1%	18.3%	19.5%	16.4%
PAYROLL TAXES	2.5%	3.6%	3.3%	3.5%	3.5%	2.3%
OTHER DIRECT	14.7%	9.4%	9.0%	8.4%	10.6%	7.6%
GROSS MARGIN	67.5%	62.3%	71.6%	69.8%	66.4%	73.7%
Base	(4)	(5)	(17)	(16)	(22)	(18)

TABLE 81

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Assets						
Current Assets	$ 188	$ 336	$ 506	$1,602	$ 1,386	$ 2,066
Gross Fixed Assets	1,597	2,650	4,613	8,682	10,270	18,991
Less: Depreciation	(796)	(1,342)	(1,825)	(3,441)	(3,630)	(6,119)
Other Assets	25	3,572	360	1,538	2,321	3,388
TOTAL ASSETS	$1,014	$5,216	$3,654	$8,381	$10,347	$18,326
Liabilities & Net Worth						
Current Liabilities	$ 245	$3,477	$ 570	$ 851	$ 1,512	$ 1,901
Long-Term Debt	453	598	1,624	3,618	3,431	5,579
Subordinated Debt	69	0	158	439	647	1,764
Deferred Taxes	0	459	75	91	73	611
Other Liabilities	2	786	71	288	296	981
Net Worth						
Invested	407	336	593	1,229	3,500	3,565
Retained Earnings	(162)	(440)	563	1,865	888	3,925
TOTAL LIABILITIES & NET WORTH	$1,014	$5,216	$3,654	$8,381	$10,347	$18,326
Base	(10)	(6)	(23)	(20)	(28)	(22)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the eighth year the study includes an analysis of those respondents with snowmaking capability and those who operate at night. This chapter presents tabulations on the 82 areas with snowmaking and on the 43 areas with night operations. The reader should recognize that even though these categories have been treated separately a number of areas (36) have both snowmaking and night skiing. The tables (Tables 82-91) follow the text.

The average ski area with snowmaking has larger gross fixed assets, fewer beds at the base, more beds within 10 miles, more night operations, more land development, more skier visits, less revenue per skier visit, a higher lift ticket price, greater utilization, and more profit before tax than the average ski area.

Snowmaking ski areas averaged 8.8 percent operating profit on GFA, compared to the ski industry average of 7.7 percent. Snowmaking is dominated by areas east of the Rockies and this past season again illustrated this. All of the respondents in New England and the East had snowmaking while 92 percent of Midwest areas make snow. There are 32 snowmaking ski areas in the Rockies and the West, or 52 percent of the ski areas responding from those geographic areas. This is up from last year's 47 percent. These 52 percent earned a 8.4 percent operating profit on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	Total Revenue to GFA	Percent Utilization		Factor	Judgment
All Ski Areas	43%	35%	=	1.23	Good
All Snowmaking	43	38	=	1.13	Adequate
New England Snowmaking	49	33	=	1.48	Excellent
East and Midwest Snowmaking	45	41	=	1.10	Adequate
Rockies and West Snowmaking	40	40	=	1.00	Fair
All Night Operations	44	34	=	1.29	Good

Night operations were again separated. Night skiing effectively increases the potential earning power with only cursory additions to capital. Areas with night skiing have less VTF, fewer GFA, fewer beds at the base and within 10 miles, greater days/nights of operation, lower revenue per skier visit, lower lift ticket prices and lower profit than the average area. However, the average area with night operations returned 7.8 percent on GFA, compared to the ski industry average of 7.7 percent.

The 1983-84 survey contains data concerning snowmade coverage, hours of operation and operating costs. Tables 89 and 90 summarize this data. The average ski area with snowmaking capability covers 99 acres or 20.8 percent of the skiable slopes and trails. The East and Midwest regions cover 77.8 percent, and New England 77.2 percent, while only 9.3 percent of the Rockies and Western snowmade ski areas are machine covered.

Similarly the 43 ski areas with lights for night skiing cover an average of only 74 acres or 18.6 percent of the skiable acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported expenses in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 91 summarizes the results of this measure. The cost per acre/hour was down in New England, but up in all the other regions.

TABLE 82

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
SIZE					
VTF/Hour (000)	7,004	3,170	10,474	6,955	4,558
Gross Fixed Assets (000)	$8,759	$4,420	$15,681	$9,873	$4,854
Skiable Acres	184	99	1,013	477	398
Total Acres	1,482	581	2,708	1,631	842
LOCATION					
Within 50 Miles of SMSA	30%	50%	19%	33%	30%
With 6+ Areas in 1 Hour	75%	10%	28%	33%	14%
New England	100%	-	-	24%	14%
East	-	60%	-	22%	33%
Midwest	-	40%	-	15%	23%
Central Rockies	-	-	53%	21%	2%
Northern Rockies	-	-	12%	5%	7%
California & Nevada	-	-	19%	7%	5%
Pacific Northwest	-	-	16%	6%	16%
SITE CHARACTERISTICS					
Number of Beds at Base	711	242	2,550	1,257	192
Number of Beds (10 Miles)	2,805	1,668	9,782	5,037	1,849
With Snowmaking	100%	100%	100%	100%	84%
With Night Skiing	30%	77%	22%	44%	100%
Terrain: Beginner	29%	29%	22%	26%	27%
Intermediate	52%	49%	47%	49%	51%
Expert	18%	22%	31%	25%	22%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	20%	7%	81%	39%	26%
Engaged in Land Development	55%	37%	34%	40%	28%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	125	125	141	132	141
Average Peak Day Crowd	4,685	3,340	5,446	4,490	3,664
Average Skier Visits (000)	196	124	330	222	148
Average Age of Ski Areas	31 years	24 years	22 years	25 years	26 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$17.27	$14.63	$16.71	$15.24	$13.09
Avg. Lift Ticket Revenue/S-V	$13.85	$11.61	$14.86	$12.22	$10.67
Avg. Adult Lift Ticket Price					
(Weekend)	$19.33	$16.98	$18.89	$18.30	$16.22
(Weekday)	$16.88	$13.53	$18.36	$16.23	$13.36
Average Night Ticket Price					
(Weekend)	$ 9.42	$ 9.66	$ 9.82	$ 8.83	$ 9.62
(Weekday)	$ 9.08	$ 8.90	$ 9.25	$ 7.53	$ 8.97
Avg. Adult Season Ticket Price	$ 396	$ 282	$ 371	$ 344	$ 276
Average Utilization	33%	41%	40%	38%	34%
Avg. Profit (Loss) Before Tax (000)	$ 480	$ 127	$ 603	$ 399	$ 125
Ratio: Revenue/GFA	49%	45%	40%	43%	44%
Base	(20)	(30)	(32)	(82)	(43)

TABLE 83

ECONOMIC RATIOS–SNOWMAKING & NIGHT OPERATIONS

	Key	With Snowmaking: New England	East & Midwest	Rockies & West	All	With Night Operations
VTF/Hour (000)	A	7,004	3,170	10,474	6,955	4,558
VTF/Hour - Demand/Skier Visit	B	1,555	1,338	1,829	1,656	1,544
Skier Capacity	C	4,504	2,370	5,726	4,200	2,953
Days/Nights of Operation	D	125	125	141	132	141
Season Capacity (000)	E	603	306	833	584	435
Day Season Capacity (000)		581	240	798	501	320
Night Season Capacity (000)		69	87	159	98	114
Actual Skier Visits (000)	F	196	124	330	222	148
Day Skier Visits (000)		184	103	327	213	117
Night Skier Visits (000)		38	34	16	31	35
Profit (Loss) Before Tax (000)	G	$ 480	$ 127	$ 603	$ 399	$ 125
Plus: Depreciation (000)	H	$ 542	$ 290	$ 1,052	$ 649	$ 308
Before Tax Cash Flow (000)	I	$1,022	$ 417	$ 1,655	$1,048	$ 433
Operating Profit (Loss) (000)	J	$ 859	$ 383	$ 1,318	$ 864	$ 377
Cash Operating Costs (000)	K	$2,877	$1,313	$ 3,947	$2,723	$1,471
Gross Fixed Assets (000)	L	$8,759	$4,420	$15,681	$9,873	$4,854
Long Term Debt (000)	M	$3,416	$1,552	$ 7,207	$4,219	$1,819
Equity (000)	N	$3,019	$1,350	$ 6,743	$3,867	$1,127
Critical Ratios						
1. Health (Debt to Cash Flow)		3.3X	3.7X	4.4X	4.0X	4.2X
Profitability:						
2. Operating Profit on GFA		9.8%	8.7%	8.4%	8.8%	7.8%
3. Profit (BT) on Equity		15.9%	9.4%	8.9%	10.3%	11.1%
Performance:						
4. Average Utilization		32.5%	40.5%	39.6%	38.0%	34.0%
Day Utilization		31.7%	42.9%	41.0%	42.5%	36.6%
Night Utilization		55.1%	39.1%	10.1%	31.6%	30.7%
5. Days/Nights of Operation		125	125	141	132	141
Policy & Planning:						
6. Capital/Capacity Ratio		$1,945	$1,865	$2,739	$2,351	$1,644
7. Operating/Capacity Ratio		$ 4.80	$ 4.29	$ 4.74	$ 4.66	$ 3.38
Revenue/Skier Visit:						
Ski Lift Gross		$13.85	$11.61	$14.86	$12.22	$10.67
Ski School Margin		$ .44	$ .40	$ .53	$ .39	$ .41
Food Service Margin		$ .80	$ .73	$ .40	$ .70	$ .58
Bar Margin		$ .44	$ .44	$ .19	$ .39	$ .32
Ski Shop Margin		$ .77	$ .27	$ .17	$ .68	$ .22
Ski Rental Margin		$ .76	$ 1.14	$ .32	$ .67	$ .89
Other Margin		$ .21	$ .04	$ .24	$ .19	$ .00
8. Total - Revenue/Skier Visit		$17.27	$14.63	$16.71	$15.24	$13.09
Base		(20)	(30)	(32)	(82)	(43)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Gross Fixed Assets	$8,759	$4,420	$15,681	$9,873	$4,854
Revenue:					
Ski Lift Gross - Winter	$2,710	$1,435	$ 4,907	$3,101	$1,579
Ski Lift Gross - Summer	48	8	36	29	15
Supporting Margin - Winter	860	431	460	547	389
Supporting Margin - Summer	251	66	(38)	71	133
Year Round Margin	409	46	952	488	40
TOTAL REVENUE	$4,278	$1,986	$ 6,317	$4,236	$2,156
Less:					
Ski Lift Direct Expense	$ 598	$ 381	$ 1,485	$ 865	$ 421
Payroll Taxes	118	33	151	100	47
Property Operation	572	94	234	266	157
OPERATIONS MARGIN	$2,990	$1,478	$ 4,447	$3,005	$1,531
Less:					
General & Administrative	$ 521	$ 268	$ 978	$ 607	$ 325
Marketing (advertising, public relations, promotion, etc.)	389	137	372	290	154
Insurance (property, liability)	107	89	148	116	82
Land Use Fees (public)	69	3	149	76	27
Land Use Fees (private)	16	4	53	26	24
Property Taxes	53	33	147	82	45
Other Taxes (except income)	77	35	54	53	14
Snowmaking	271	206	119	188	147
Snow Removal	14	6	18	13	3
Miscellaneous	72	24	39	41	25
Depreciation & Amortization	542	290	1,052	649	308
OPERATING PROFIT (LOSS)	$ 859	$ 383	$ 1,318	$ 864	$ 377
Less: Interest	379	256	715	465	252
PROFIT (LOSS) BEFORE TAX	$ 480	$ 127	$ 603	$ 399	$ 125
Base	(20)	(30)	(32)	(82)	(43)

TABLE 85

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	30.9%	32.5%	31.3%	31.4%	32.5%
Ski Lift Gross - Summer	0.5	0.2	0.2	0.3	0.3
Supporting Margin - Winter	9.8	9.8	2.9	5.5	8.0
Supporting Margin - Summer	2.9	1.5	(0.2)	0.7	2.7
Year Round Margin	4.7	0.9	6.1	5.0	0.9
TOTAL REVENUE	48.8%	44.9%	40.3%	42.9%	44.4%
Less:					
Ski Lift Direct Expense	6.8%	8.6%	9.5%	8.8%	8.7%
Payroll Taxes	1.3	0.8	1.0	1.0	1.0
Property Operation	6.6	2.1	1.4	2.7	3.2
OPERATIONS MARGIN	34.1%	33.4%	28.4%	30.4%	31.5%
Less:					
General & Administrative	5.9%	6.1%	6.2%	6.1%	6.7%
Marketing (advertising, public relations, promotion, etc.)	4.4	3.1	2.4	2.9	3.2
Insurance (property, liability)	1.2	2.0	0.9	1.2	1.7
Land Use Fees (public)	0.8	0.1	1.0	0.8	0.6
Land Use Fees (private)	0.2	0.1	0.3	0.3	0.5
Property Taxes	0.6	0.7	0.9	0.8	0.9
Other Taxes (except income)	0.9	0.8	0.3	0.5	0.3
Snowmaking	3.1	4.7	0.8	1.9	3.0
Snow Removal	0.2	0.1	0.2	0.1	0.1
Miscellaneous	0.8	0.4	0.3	0.4	0.4
Depreciation & Amortization	6.2	6.6	6.7	6.6	6.3
OPERATING PROFIT (LOSS)	9.8%	8.7%	8.4%	8.8%	7.8%
Less: Interest	4.3	5.8	4.6	4.8	5.2
PROFIT (LOSS) BEFORE TAX	5.5%	2.9%	3.8%	4.0%	2.6%
Base	(20)	(30)	(32)	(82)	(43)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Revenue:					
Ski Lift Gross - Winter	63.3%	72.3%	77.7%	73.2%	73.2%
Ski Lift Gross - Summer	1.1	0.4	0.6	0.7	0.7
Supporting Margin - Winter	20.1	21.7	7.3	12.9	18.0
Supporting Margin - Summer	5.9	3.3	(0.6)	1.7	6.2
Year Round Margin	9.6	2.3	15.1	11.5	1.9
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	14.0%	19.2%	23.5%	20.4%	19.5%
Payroll Taxes	2.8	1.7	2.4	2.4	2.2
Property Operation	13.3	4.7	3.7	6.3	7.3
OPERATIONS MARGIN	69.9%	74.4%	70.4%	70.9%	71.0%
Less:					
General & Administrative	12.2%	13.5%	15.5%	14.3%	15.1%
Marketing (advertising, public relations, promotion, etc.)	9.1	6.9	5.9	6.8	7.1
Insurance (property, liability)	2.5	4.5	2.3	2.7	3.8
Land Use Fees (public)	1.6	0.2	2.4	1.8	1.3
Land Use Fees (private)	0.4	0.2	0.8	0.6	1.1
Property Taxes	1.2	1.7	2.3	1.9	2.1
Other Taxes (except income)	1.8	1.8	0.9	1.3	0.6
Snowmaking	6.3	10.4	1.9	4.4	6.8
Snow Removal	0.3	0.2	0.3	0.3	0.1
Miscellaneous	1.8	1.1	0.5	1.1	1.2
Depreciation & Amortization	12.7	14.6	16.7	15.3	14.3
OPERATING PROFIT (LOSS)	20.0%	19.3%	20.9%	20.4%	17.5%
Less: Interest	8.8	12.9	11.4	11.0	11.7
PROFIT (LOSS) BEFORE TAX	11.2%	6.4%	9.5%	9.4%	5.8%
Base	(20)	(30)	(32)	(82)	(43)

TABLE 87

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	5.0%	5.0%	6.5%	6.0%	5.6%
Ski Patrol Payroll	1.9	1.0	3.7	3.1	2.1
Slope Maintenance Payroll	1.6	1.5	2.9	2.4	1.6
Maintenance & Repair Payroll	2.5	2.8	4.3	3.8	3.5
Ticket Sales Payroll	0.8	0.8	1.5	1.3	1.0
Other Payroll	0.6	0.9	1.5	1.2	0.9
TOTAL PAYROLL	12.4%	12.0%	20.4%	17.8%	14.7%
PAYROLL TAXES	3.9%	2.4%	3.0%	3.1%	2.8%
OTHER DIRECT	5.6%	9.6%	9.4%	8.6%	9.7%
GROSS MARGIN	78.1%	76.0%	67.2%	70.5%	72.8%
Base	(16)	(16)	(26)	(58)	(26)

TABLE 88

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Assets					
Current Assets	$1,397	$ 533	$ 2,048	$ 1,335	$ 585
Gross Fixed Assets	8,804	4,521	16,152	10,115	4,934
Less: Depreciation	(3,772)	(1,996)	(4,813)	(3,529)	(2,256)
Other Assets	1,781	1,244	3,637	2,313	999
TOTAL ASSETS	$8,210	$4,302	$17,024	$10,234	$4,262
Liabilities & Net Worth					
Current Liabilities	$1,538	$1,091	$ 1,604	$ 1,400	$1,078
Long-Term Debt	2,365	1,393	6,343	3,569	1,567
Subordinated Debt	1,051	159	864	650	252
Deferred Taxes	173	128	395	243	100
Other Liabilities	64	181	1,075	505	138
Net Worth					
Invested	2,056	673	3,702	2,194	660
Retained Earnings	963	677	3,041	1,673	467
TOTAL LIABILITIES & NET WORTH	$8,210	$4,302	$17,024	$10,234	$4,262
Base	(19)	(29)	(31)	(79)	(42)

TABLE 89

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	184	99	1,013	477
Average Snowmade Acres	142	77	94	99
Proportion	77.2%	77.8%	9.3%	20.8%
Total Skier Capacity	4,504	2,370	5,726	4,200
Average Snowmade Capacity	3,473	1,844	532	874
Average Snowmade Density	24/acre	24/acre	6/acre	9/acre
Base	(20)	(30)	(32)	(82)

TABLE 90

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
AREAS WITH NIGHT SKIING AND SNOWMAKING

	Snowmaking			All Areas With Night Skiing
	New England	East & Midwest	Rockies & West	
Average Skiable Acres	-	-	-	398
Average Lighted Acres	63	45	72	74
Proportion	-	-	-	18.6%
Average Night Capacity	1,179	1,854	1,564	1,751
Average Night Density	17/acre	41/acre	22/acre	24/acre
Base	(6)	(23)	(7)	(43)

TABLE 51

SNOWMAKING COST ANALYSIS, 1983-84

	New England	East & Midwest	Rockies & West	Total Sample
Labor (000)	$ 73.6	$ 43.5	$ 41.3	$ 50.0
Power (000)	132.8	124.0	53.4	98.6
Maintenance (000)	41.8	25.9	10.6	23.8
Other (000)	23.2	12.8	13.5	15.6
Total (000)	$271.4	$206.2	$118.8	$188.0
Acres Covered	142	77	94	99
Hours Operated	1,247	961	460	840
Average Cost/Acre Hour	$1.53	$2.79	$2.75	$2.26
Base	(20)	(30)	(32)	(82)

X

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1983-84 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

We added new trails, snowmaking and a triple chair lift. We also expanded the ski lodge.

Our season began as a normal year and it compared favorably with our minimum budget until February when poor weather drastically affected our revenues. We feel the impact severely as a day trip area. We concessioned out our food service and lounge.

Very good solid year with normal temperatures for this area.

Excessive rainfall (8.8 inches) caused problems early and late in the season; however the 124 inch snowfall and the new triple chair enabled us to break daily attendance records four times within the one season.

Snowfall was above average during early season which stimulated attendance during entire season. Weather was unusually favorable for each holiday period and on mid-winter weekends than ever before. Washington's Birthday holiday week did not affect business due to substantial base depths of machine-made snow. Midweek vacation business was soft although midweek day business was strong. Reason for soft vacation business was probably a lack of confidence in public's mind to plan a vacation after poor snow conditions in East previous year, and perception by public that ski vacations are "too expensive."

First season of operating our own rental shop proved to be very profitable.

Pre-Christmas was fair and marginal. Christmas to February 2nd–excellent weather with strong market. February spotty with a 50 percent loss of holiday week due to rain. The season ended strong. We sense a strong market when weather is not adverse, perhaps due in part to additional local vacation home construction.

Generally the weather during the 1983-84 season was very good with the exception of a two week period at Washington's Birthday. The biggest snowmaking expansion ever at Mount Snow for the 1983-84 season paid off during this holiday period. Snowmaking enabled Mount Snow to keep 80 percent of the trails open during this period and the mountain did 85 percent of budget. Snowmaking was expanded from 52 percent to 72 percent for 1983-84 with 62 new acres of coverage. Prices were held at 1982-83 levels for the 2-day adult ticket and all junior prices. Early and late season $49 of Fun packages including two days of skiing and one night's lodging (EP) were very popular. We saw no price resistance and experienced large crowds both Saturday and Sunday regardless of weather or surface conditions. Midweek business was stable with more 2-3 day stays than 4-7 day stays.

The 1983-84 season was generally characterized as one of our best seasons, but did not match the 1981-82 season in total skier visits. This was due, in part, to a warm November, which delayed snowmaking operations and limited the percentage of the area open for skiing until the Christmas holiday period. The season held up well through the end of March, which included a long warm spell during the holiday week. April business dropped off early in the month, probably due to the late Easter.

The season started strong in first weeks of December. Then rain slowed business until Christmas. Very good sales through Christmas week and all of January. Very poor weather in February causing very, very poor sales. Strong finish with good snow in March and first week of April.

What a difference a normal winter makes. With normal snowfall, no significant adverse weather or thaws, and relatively stable temperatures, the snow, we made and fell naturally, lasted and provided good skiing most of the year. We broke all our records except two–latest closing date and most operating days–and one more week would have broken these. When we closed we had over 80 percent of the mountain open on 10-24 inches of snow, but we ran out of skiers.

As has been the trend recently we had one month of rain. February was a particularly poor month. It took 105 days to host 87,690 skiers. A long season with average skiers created high overhead with marginal income resulting in a modest net figure. Skiers continue to spend about $20.00 per person even though our prices have increased.

We had a most interesting winter. We had the best January in our history and the worst February, yet we were able overall to equal our projections which makes me believe that there is still plenty of skier interest if we can only have an even year.

Christmas and December, fair; January, great; February, disaster, almost closed; March, best ever; April, good. Overall winter was good. Second year of snowmaking proved our savior!

Worst February (weather) on record. Second best January on record (skier days). Best March on record (skier days).

Mid-February thaw put the brakes on an otherwise great skier visit year.

The fiscal year ended April 30, 1984, was a bit of a disappointment. Our pre-tax income (before non-recurring items) was $1,098,848 as against $1,080,478 for fiscal 1983. However, we are proud of that result, inasmuch as we managed it despite an unusually warm winter. Last year had its ups and downs weatherwise, but the extremes seemed more or less to offset each other.

Extreme cold during Christmas week reduced attendance but helped snowmaking. Expanded night skiing, very successful. Best season ever.

New triple chairlift installed despite the poor 1982-83 season, proved very helpful in spreading out crowds. Weather substantially under average snow year, but intensive snowmaking and cold weather made up for little natural snow. Severe February thaw–3 weeks–business dropped way down. Good snow again in March brought most of skiers back, but the thaw definitely made some skiers quit for the year. Overall, a very good year, encouraging to think how it could be even better if weather cooperates all season!

Massanutten Village filed Chapter 11 Bankruptcy on December 16, 1983. Adverse publicity required targeted advertising to convince the public that the resort was operating. Therefore, skier response was extremely slow at the beginning of the season. An early spring caused poor skiing and diminished crowds at season's end. Real estate sales which have historically been as high as $18,000,000 annually were essentially non-existent due to developers' financial difficulties.

Major 2 million dollar expansion including: 2 new double chair lifts, 5 new trails, snowmaking improvements and night skiing, yielded 176,000 skiers (65,000 more than our best previous year). February was unusually bad weather conditions (warm and rainy).

Installation of a new triple chair lift.

Two new ski areas opened in West Virginia and one existing area doubled its lift capacity. Snowshoe only experienced an 8.1 percent drop in skier days while West Virginia experienced a 35 percent increase in total skier days. Marketing by Snowshoe for 1983-84 season decreased by 45 percent due to cash difficulties. Snowshoe pleased with its performance given the negatives which existed in the marketplace.

Average winter and good preceding summer resulted in good profit margin over last season with poor skiing season.

Very successful Christmas week, best in memory; very bad month of February, worst in memory; frustrating month of March, snow that finally came was too late.

An unusually mild pre-season got us off to a late start; however, a blast of cold air and snow in late March enabled us to ski through April 1st.

Excellent season, except for Presidents' week. Twenty-eight percent increase over our best previous season. Record 137 days of operation.

MIDWEST

In February we held Buena Vista Logging Days in honor of the old lumberjacks of the turn-of-the-century. We had extremely warm weather and rain in late February and early March.

Best season ever. Weather turned very warm last two weeks of February and all major snowfalls missed us but so did the rain. Thanks to good snowmaking, we lasted until late March–longer than normal.

Need more skiers.

Excellent snowmaking weather = excellent season. Ten days with temperatures up to 79 degrees in February put damper on a good thing, not to mention what it did to the snow. Started up again and ended on a good note.

Season opened strong due to unusually good snowmaking weather but our early snow edge was diminished by early and substantial natural snow that opened many smaller areas nearby. Season progressed well but was adversely affected by a February thaw drastically decreasing spring traffic.

The winter weather was much improved from the previous year. Ski School had a first timers $1 lesson, which is attributed to the loss for that department.

Good snow but thaw and warm weather in early March ended skier participation. Economy not healthy in Michigan and skiers staying close to home to ski, or not skiing as much.

The 1983-84 season was unusual in that, if it weren't for an early March snowstorm, it would have been a disappointment. . . mostly because February was a disaster with only a few days of snow and record high temperatures. The late season snow brought out a lot of new skiers and people who hadn't skied in many years. A good sign!

The 1983-84 season was almost perfect ski area weather during December, January, and March. February was a disaster–losing the President's holidays is like losing Christmas week. We also felt the slow business recovery in the Midwest. It was a good year that could have been spectacular.

Opened for Thanksgiving with one mile-long trail of machine snow–grass elsewhere. Record-breaking cold for first three weeks of December, but best Christmas week ever on mostly machine snow. Held respectable crowds in very dry January/February but made strong finish with lots of natural snow in March/April. Fourth best season for S-V; second best for revenue in 47 years of operation at Terry Peak. Boosted prices considerably this year. Season pass holders complained; day skiers didn't seem to mind.

ROCKIES

New day ski lodge building–opened 15 days after area opened–successful. Basic ski season–needed more snow.

Great snow year and record skier visits. New lifts cut lift waits to almost nothing. Yield was negatively affected by a larger portion of consumers utilizing travel agents and tour operators–50 percent increase!

Taos Ski Valley had a good season but not a record season due to late snowfall, and a delayed opening.

Great snow year from the beginning of the season. We sold a discount card that offered a discount on lift tickets and other ski area amenities as well as lodging and miscellaneous services in town. The sales were way above projections. The customer likes to get a "discount."

Very good early snow conditions, good late season snow fall allowed for an extended season.

Wind caused closure of No. 3 lift 40 percent of the time.

Early snow helped. Added high speed T-Bar on upper mountain. New rental units. Added marketing specials.

Inquire about the family plan with participating Glenwood Lodges (families never pay more than $39/day to "Ski Sunlight") and group and multi day rates. (Ski for under $9/day!) Call or write for more information.

Too much snow first 6 weeks–snowfall to December 31, 1983, 389 inches. Season average 500 inches. Our business usually impacted more by too much snow than by too little. January 1 to March 29th very good business.

The 1983-84 ski season was highlighted by a snowfall in excess of 350 inches. Our opening date was November 21, 1983 and we closed on May 2, 1984. Our ski area hosted numerous colorful events such as the annual fundraiser for the U.S. Ski Team (The Celebrity Classic), Peugeot Pro Races, and the hosting of visitors from our sister ski area Courchevel in France. The 83/84 ski season was our best year to date in ticket sales.

New development included new triple chair lift, increased ski rental shop with additional rental, increased food service area. Snow was good early reducing snowmaking expenses. Very cold week before Christmas–estimated loss 10-15 percent in skiers and revenue for season as a result of this cold weather period (-30°F.).

The additional grooming equipment kept people coming during periods when we received no new snow.

Very cold Christmas week. December traffic down 30 percent.

A 350 room hotel opened, offering a more varied selection of restaurants and shops. Several condominium projects were completed. Snow conditions remained excellent through the end of April with "Spring Conditions" the last 2 weeks of operation. Closed May 13, 1984, our latest closing date ever.

WEST

The weather conditions were very favorable, enabling the skier easy access to our resort.

This season we made a $1.00 cash discount available which improved our cash flow position and reduced our credit card processing cost. Credit card volume for lift ticket sales declined by 10 percent. Skier acceptance of this policy was very favorable.

Spent a lot of money in preparation of season–no snow–lost our shorts!

Ninety percent of snowfall occurred prior to January 1. The closure of a main lodge 4 miles from the ski area reduced skier days about 15,000.

We were never able to open our ski area this year as we had no snow. We operated a Mexican restaurant from February to the end of our fiscal year on weekends.

Rather mild winter–nicer weather than usual. Easter came late this year. The 83-84 season was first year with all day/night ticket–new children's program.

Installed a Doppelmayr triple, detachable chairlift which raised the vertical drop to 3,000+ feet. Unusual sub-zero cold the week before Christmas and rain on two days during Christmas week held down the Christmas holiday, but two days during Christmas week broke single day records.

Incredibly cold Christmas holdiay, skier visits down 60 percent during that period. Very successful program sales year of pre-sold package business plus targeted special promotions; i.e., MacDonalds Monday Program.

Extremely cold weather at Christmas hindered skier visits which made it impossible to catch up.

A very successful year. First year of operation under new ownership. Increased skier visits by 10.2 percent.

Early start was offset by too cold, then too warm Christmas vacation period, followed by no fresh snow in January. Overall, season was slightly below average.

Adverse weather during Christmas and Spring vacations accounted for decline in skier visits.

Our day skier business was up. Our feeling is that our new Ski Kelowna discount card for locals was the reason for our tracking results. But our destination business was down, a reflection of the economy. Surprising enough our season pass visits were also down from last year.

Poor snow conditions. Downloading on lower half of mountain for a major portion of the year. Agressive marketing with a midweek ski-free program for first half of season.

Record cold til Christmas (40 year record). Record warm early January (40 year record). Very little snow January - Mid-March. Heavy snowfalls Mid-March - May.

A $10.00 lift, lessons and rentals–Beginner package very successful. Early opening November 11, 1983.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1983-84 SEASON

This list consists of the 113 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Blue Mountain Resorts Ltd.
R.R. No. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bretton Woods Ski Area
Route 302
Bretton Woods, New Hampshire 03575

Bromley, Inc.
P.O. Box 1130
Manchester Center, Vermont 05255

Butternut Basin
State Road
Gt. Barrington, Massachusetts 01230

Camelback Ski Corporation
P.O. Box 168
Tannersville, Pennsylvania 18372

Cataloochee Ski Area
Rt. 1, Box 500
Maggie Valley, North Carolina 28751

Crotched Mountain Ski Area
Mountain Road
Francestown, New Hampshire 03043

Elk Mountain Ski Center, Inc.
R.D. No. 1, Box 258
Union Dale, Pennsylvania 18470

Gray Rocks Inn, Ltd.
P.O. Box 1000
Sainte-Jovite, Quebec
Canada J0T 2H0

Greek Peak, Inc.
2000 Rte. 392
Cortland, New York 13045

Gunstock
P.O. Box 336
Laconia, New Hampshire 03246

Hidden Valley Highlands Ski Club
Group Box No. 74, R.R. No. 4
Huntsville, Ontario
Canada P0A 1K0

Holiday Valley Resort
P.O. Box A, Holiday Valley Road
Ellicottville, New York 14731

Hunter Mountain Ski Bowl
P.O. Box 295
Hunter, New York 12442

Jay Peak Ski Area
Route 242
Jay, Vermont 05859

Jiminy Peak, Inc.
Corey Road
Hancock, Massachusetts 01237

Killington Ski Area
Killington Road
Killington, Vermont 05751

King Ridge
R. R. 1, Box 3130
New London, New Hampshire 03257

Loon Mountain Recreation Corporation
Kancamagus Highway
Lincoln, New Hampshire 03251

Lost Valley Ski Area
P.O. Box 260
Lost Valley Road
Auburn, Maine 04210

Massanutten Village
P.O. Box 1227
Harrisonburg, Virginia 22801

Mount Snow Ski Resort
Mount Snow (West Dover), Vermont 05356

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Mt. Tom Ski Area
P.O. Box 1158
Holyoke, Massachusetts 01041

Peek'n Peak Recreation, Inc.
Ye Olde Road
Clymer, New York 14724

Shawnee Mountain, Inc.
P.O. Box 93
Shawnee-on-Delaware, Pennsylvania 18356

Ski Hawknest
Rt. 1, Box 256
Banner Elk, North Carolina 28604

Ski Liberty
Box D
Fairfield, Pennsylvania 17320

Ski Roundtop
R. D. No. 1, Box 256
Lewisberry, Pennsylvania 17339

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Ski Windham
Clarence D. Lane Road
Windham, New York 12496

Snowshoe Mountain Resort
P.O. Box 10
1 Snowshoe Drive
Snowshoe, West Virginia 26209

Stowe
dba Mt. Mansfield Company, Inc.
R. R. No. 1
Stowe, Vermont 05672

Stratton Corporation
Stratton Mountain, Vermont 05155

Sugarloaf/USA
Carrabassett Valley
Kingfield, Maine 04947

Swain Ski Center
Swain, New York 14884

Wachusett Mountain Ski Area
Mountain Road
Princeton, Massachusetts 01541

Wildcat Mountain
Pinkham Notch
Jackson, New Hampshire 03846

Midwest

Buena Vista
P.O. Box 308
Bemidji, Minnesota 56601

Cascade Mountain, Inc.
Rt. 2, Box 138A
Portage, Wisconsin 53901

Crystal Enterprises, Inc.
dba Crystal Mountain
M-115 at Lindy Road
Thompsonville, Michigan 49683

Indianhead Mountain
Indianhead Mountain Road
Wakefield, Michigan 49968

Paoli Peaks, Inc.
P.O. Box 67
Paoli, Indiana 47456

Pine Mountain
N3332 Pine Mountain Road
Iron Mountain, Michigan 49801

Rib Mountain Ski Area
Rt. 4, Box 387
Wausau, Wisconsin 54401

Ski Butler
General Butler State Resort Park
P.O. Box 89
Carrollton, Kentucky 41008

Skyline Ski Area
Rt. No. 1, Box 1708
Grayling, Michigan 49738

Snow Trails Ski Area
P.O. Box 1456
Mansfield, Ohio 44901

Sundown
9000 Asbury Rd.
Dubuque, Iowa 52001

Terry Peak
P.O. Box 774
Lead, South Dakota 57754

Timber Ridge Ski Area, Inc.
07500 23½ Street
Gobles, Michigan 49055

Rocky Mountain

Alta
Alta, Utah 84092

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81612

Beaver Creek
P.O. Box 7
Vail, Colorado 81658

The Big Mountain
P.O. Box 1215
Whitefish, Montana 59937

Bogus Basin
2405 Bogus Basin Road
Boise, Idaho 83702

Breckenridge Ski Area
P.O. Box 1058
Breckenridge, Colorado 80424

Brian Head
P.O. Box 7
Cedar City, Utah 84720

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Buttermilk Mountain Ski Area
P.O. Box 1248
Aspen, Colorado 81612

Copper Mountain, Inc.
P.O. Box 3527
Copper Mountain, Colorado 80443

Crested Butte
P.O. Box A
Mt. Crested Butte, Colorado 81225

Cuchara Valley Resort
Resort Box No. 3
Cuchara, Colorado 81055

Deer Valley Resort Company
P.O. Box 889
Park City, Utah 84060

Eldora Ski Area
P.O. Box 430
Nederland, Colorado 80466

Grand Targhee Resort
Alta, Wyoming VIA
Driggs, Idaho 83422

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Loveland Basin Ski Areas
P.O. Box 899
Georgetown, Colorado 80444

Monarch Ski Resort
Box SA
Garfield, Colorado 81227

Pajarito Mountain
P.O. Box 155
Los Alamos, New Mexico 87544

Park City Ski Corporation
P.O. Box 39
Park City, Utah 84060

Purgatory (Durango Ski Corporation)
P.O. Box 666
Durango, Colorado 81301

Red Lodge Mountain
Drawer R
Red Lodge, Montana 59068

Sandia Peak Ski Company
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Showdown Ski Area
Box 92
Neihart, Montana 59465

Sipapu Ski Area
Rt. Box 29
Vadito, New Mexico 87579

Ski Estes Park
P.O. Box 1379
Estes Park, Colorado 80517

Ski Sunlight, Inc.
10901 County Road 117
Glenwood Springs, Colorado 81601

Snowmass Ski Area
P.O. Box 1248
Aspen, Colorado 81612

Steamboat Ski Corporation
2305 Mt. Werner Circle
One Gondola Square
Steamboat Springs, Colorado 80487

Taos Ski Valley, Inc.
P.O. Box TSV
Taos Ski Valley, New Mexico 87571

Telluride Ski Resort, Inc.
P.O. Box 307
Telluride, Colorado 81435

Vail
P.O. Box 7
Vail, Colorado 81658

Winter Park Recreational Association
P.O. Box 36
Winter Park, Colorado 80482

West

Alpine Meadows Ski Corporation
P.O. Box AM
Tahoe City, California 95730

Big White Ski Development, Ltd.
P.O. Box 2039 Station R
Kelowna, B.C.
Canada V1X 4K5

Blackcomb Skiing Enterprises
P.O. Box 98
Whistler, B.C.
Canada V0N 1B0

Boreal Ski Area
P.O. Box 39
Truckee, California 95734

Crystal Mountain, Inc.
Crystal Mountain, Washington 98022

Dodge Ridge Corporation
P.O. Box 1188
Pinecrest, California 95364

49° North
Box 166
Chewelah, Washington 99109

Fortress Mountain
P.O. Box 7220 Station E
Calgary, Alberta
Canada T3C 3M1

Heavenly Valley Ski Area
P.O. Box 2180
Stateline, Nevada 89449

Kimberley Ski Resort
Box 40
Kimberley, B.C.
Canada V1A 2Y5

Kirkwood Partners, Ltd.
P.O. Box 1
Kirkwood, California 95646

Mammoth Mountain Ski Area
P.O. Box 24
Mammoth Lakes, California 93546

Mission Ridge
P.O. Box 1765
E. Wenatchee, Washington 98801

Mt. Bachelor, Inc.
P.O. Box 1031
Bend, Oregon 97709

Mt. Baldy Ski Lift
P.O. Box 459
Mt. Baldy, California 91759

Mt. Hood Meadows
P.O. Box 47
Mt. Hood, Oregon 97041

Mt. Reba, Inc.
P.O. Box 5038
Bear Valley, California 95223

Mt. Rose Ski Resort
P.O. Box 2406
Reno, Nevada 89505

Schweitzer, Inc.
P.O. Box 815
Sandpoint, Idaho 83864

Sierra Ski Ranch
Sierra Ski Ranch Road
Twin Bridges, California 95735

Sierra Summit Ski Area
P.O. Box 236
Lakeshore, California 93634

Ski Bluewood
P.O. Box 88
Dayton, Washington 99328

Ski Snoqualmie (Alpental-Ski Acres-Summit)
3010 77th Avenue, S.E., No. 201
Mercer Island, Washington 98040

Ski Sunrise
Table Mountain Road
P.O. Box 645
Wrightwood, California 92397

Smithers Ski Corporation
Box 492
Smithers, B.C.
Canada V0J 2N0

Snow Summit Ski Area
P.O. Box 77
Big Bear Lake, California 92315

Soda Springs Ski Area
P.O. Box 67
Soda Springs, California 95728

Timberline Lodge
General Delivery
Government Camp, Oregon 97028

Whistler Mountain
P.O. Box 67
Whistler, B.C.
Canada V0N 1B0

APPENDIX B

National Ski Areas Association
Annual Economic Survey
1983-84 Season

PLEASE RETURN BY AUGUST 15, 1984

This questionnaire represents the sixteenth economic survey of North American Ski Areas. The response in 1982-83 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1983 summer season and the winter season 1983-84. If you wish to send us a copy of your **complete financial statement** (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area _____ Telephone _____

Address _____

City _____ State _____ Zip Code _____

Fiscal Year: _____ 19 _____ to _____ 19 _____

Person to contact if further information is required _____

Telephone number where contact person can be reached during September and October _____

Person to whom the final report should be sent _____

_____

1983-84 GENERAL INFORMATION (For Classification Purposes)

1. Ski lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year give your total 1982-83 VTF/Hr and then list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, just give your 1982-83 VTF/Hr total.

1982-83 Total Area VTF/Hr _____

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately) Definition 3	**Year Lift First Operated (Definition 4)**	**Vertical Drop (Definition 5)**	**Uphill Capacity in Skiers/Hour (Definition 6)**	**VTF/Hour (CxD) (Definition 7)**

1983-84 Total Area Vertical Transport Feet/Hour _____

2. Year area **first operated** _____

3. Does your ski area have snowmaking?
( ) yes ( ) no
If yes, how many hours did you operate snowmaking equipment in 1983-84? _____ Hours

4. 1983-84 ski area acreage.
a) Total acreage at ski area: _____ acres
b) Total skiable acreage: _____ acres
c) Acres of maintained/groomed slopes: _____ acres
d) Acres covered with snowmaking equipment: _____ acres
e) Acres under lights for night skiing: _____ acres
f) Acres under USFS permit: total acres _____; skiable acres _____; maintained acres _____.

5. Classification of your ski area—**choose one.**
( ) **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area *primarily serves a day skier market*)
( ) **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which *primarily serves skiers who stay for a weekend*)
( ) **Vacation Destination Skier Area** (area which *primarily serves the skier who stays longer than a weekend*)
( ) **Weekend Only Area** (area which is *open only on weekends*)

6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and *include season ticket use.*) (**See Definition 8**).

	Skier-visits				
	Day		Night		Total
1983-84	_____	+	_____	=	_____
1982-83	_____	+	_____	=	_____
1981-82	_____	+	_____	=	_____
1980-81	_____	+	_____	=	_____
1979-80	_____	+	_____	=	_____

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Would you please provide us with the following data?
a) Your **peak crowd** in 1983-84: _____ skiers at one time
b) Your estimate of your "**design**" ***day*** **time skier capacity** in 1983-84: _____ skiers at one time.
1) Total days of operation in 1983-84: ____ days.
2) Of the total days of operation we could handle: our design crowd _____ days; between 50 and 99% of our design crowd: _____ days; less than 50% of our design crowd: _____ days.
c) If you also operate some lifts and trails at night, your estimate of your "**design**" ***night*** **time skier capacity** in 1983-84: _____ skiers at one time
1) Number of nights when all night lifts and trails were open and skiable and you could handle a full night time crowd: _____ nights.

8. 1983-84 Ticket Prices:

Adult Weekend All-Day Ticket	$_____
Adult Weekday All-Day Ticket	$_____
Night Weekend Ticket	$_____
Night Weekday Ticket	$_____
Single Adult Season Ticket	$_____

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 9**).
( ) 0-24 ( ) 25-49 ( ) 50-74
( ) 75-99 ( ) 100 or more

10. How many ski areas are within 1 hour's driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or more

11. Percentage of your terrain in the following categories:
Beginner____% Intermediate____% Expert____%

12. Lodging available to ski patrons:
Number of beds at your base area _____
Number of beds within 10 miles of your base area *(including beds at base)* _____

13. Other activities available (check all that apply):

	Physically offered at Area	Offered Nearby
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Ice Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Other Water Sports	( )	( )
Summer Slide	( )	( )
Other: (please specify) _____	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
( ) U.S.F.S. permit
( ) State/Provincial land lease
( ) Canadian Government land lease
( ) Other (county, etc.) _____

Percent of slope transport feet **(see Definition 10)** on **USFS land** _____%

15. Is your area engaged in land and/or real estate development? ( ) yes ( ) no
If yes, do you offer (check all that apply):
( ) First home sites
( ) First homes
( ) Second home sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings

16. Does your area use a computer? ( ) yes ( ) no
If yes, is it ( ) Owned, ( ) Timeshare?
What brand? _____ Model? _____
What applications is it used for (check all that apply):
( ) Payroll
( ) Accounts Receivable
( ) Accounts Payable
( ) Forecasting
( ) Market Research
( ) Ticket Sales
( ) Other (please specify) _____
_____

17. Ski area employment in 1983-84 (including concession employees):

Total Number of Employees:	Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other	Total All Operations: Number of Employees	Total All Operations: Full-time Equivalent
on average day	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____	= _____	_____
on peak day	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____	= _____	_____

1983-84 Itemized Income Statement for a 12-Month Period _____ 1983 Through _____ 1984
(See **Definitions 11-16**):

Winter Season Operations

	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other[1]
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue—Gross Sales or	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Concession Income	.....	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	.....	.....	$_____	$_____	$_____	$_____[4]	.....	$_____
(B) Direct Labor	$_____*	$_____	$_____	$_____	$_____	$_____	$_____	$_____
(C) Other Direct[5]	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Less: Direct Allocations:								
(D) Payroll Taxes, etc.	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
(E) Property Operation								
Equals: GROSS MARGIN:	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____

***Detail Winter Lift Department**

		(000)
Direct Labor:	Lift	$_____
	Ski Patrol	$_____
	Slope Maintenance	$_____
	Maintenance and Repair	$_____
	Ticket Sales	$_____
	Other	$_____
	Total	$_____

[1]Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.
[2]The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.
[3]Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.
[4]Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.
[5]Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.
[6]Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.
[7]Despite all efforts to the contrary, there are major items of expense involved in the operation and maintenance of a ski area that do not lend themselves to a direct charge to an operating department. For example, an area might have a general maintenance crew who works from a common supply of tools and repair parts to do minor maintenance in all departments of the ski area. For comparability and analysis, these costs are consolidated as Property Operations, Maintenance and Energy. You may allocate them by department or group them under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1983-84 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1983-84 season? (Please use an additional sheet if necessary.)

_____

_____

_____

_____

Year Round Operations			Summer Season Operations							
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food/Bar Service	Retail Store	Sports Dept.	Accom-modations	Summer Slide	Other	ANNUAL TOTALS
( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	
( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	
( )	( )	( )	( )	( )	( )	( )	( )	( )	( )	
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
$	$	$	$	$	$	$	$	$	$	$
$	$	$	.....	$	$	$	$	$	$	$
$	.....	$	.....	$	$	.....	.....	$	$	$
$	$	$	$	$	$	$	$	$	$	$
$	$	$	$	$	$	$	$	$	$	$
$	$	$	$	$	$	$	$	$	$	$[6]
										$[7]
$	$	$	$	$	$	$	$	$	$	$

Less: Common Expenses:

(A) General and Administrative ..... $

(B) Marketing (Adv.; Pub. Pro.; P.R.; etc.) ..... $

(C) Insurance: (1) Property (Fire, Theft, etc.) ..... $

(2) Liability ..... $

(D) Land use fees (1) Public Land Lease ..... $

(2) Private Land Lease ..... $

(E) Taxes (Except Income taxes)

(1) Property Taxes ..... $

(2) Other Taxes ..... $

(F) Snowmaking: (1) Labor ..... $

(2) Power/Fuel ..... $

(3) Maintenance ..... $

(4) Other (Water, etc.) ..... $

(G) Snow removal ..... $

(H) Miscellaneous ..... $

(I) Depreciation and Amortization ..... $

OPERATING PROFIT (LOSS) ..... $

Less: Interest Expense ..... $

PROFIT (LOSS) Before Income Taxes ..... $

Balance Sheet Information (as of _____ 1984)
(See **Definitions 17-25**)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

(Round to Nearest $1,000)

	1984
Assets	
a. Current Assets	$ _____
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	_____
c. Less Accumulated Depreciation	(_____)
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	_____
TOTAL ASSETS	$ _____ *
Liabilities and Net Worth	
e. Current Liabilities	$ _____
f. Long Term Debt	
1. Senior Long Term Debt (Secured by Mortgages, Chattels, etc.)	_____
2. Subordinated Debt	_____
g. Deferred Taxes	_____
h. Other Liabilities	_____
i. Net Worth	
1. Invested Capital	_____
2. Retained Earnings (Loss)	_____
TOTAL LIABILITIES AND NET WORTH	$ _____ *

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

_____

_____

_____

Thank you for your cooperation

Please return the questionnaire to:
Business Research Division
University of Colorado
Campus Box 420
Boulder, Colorado 80309

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season–the inclusive months during which a ski area is open each season.

2. Fiscal Year–the month in which an area closes its books.

3. Type of Lifts–for purposes of this study are categorized as surface, chair, or gondola.

4. Year Lift First Operated–year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.

5. Vertical Drop–the vertical distance from the top to the bottom of the slope for a particular lift.

6. Uphill Capacity–the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.

7. VTF/Hour (Vertical Transport Feet Per Hour)–the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.

8. Day Skier Area–area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.

9. Weekend Skier Area–area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.

10. Vacation Skier Area–area which primarily serves the skier who stays longer than a weekend.

11. Weekend Only Area–area which is open only on weekends.

12. Skier Visit–one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. Skier visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)--an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. Slope Transport Feet--a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.

15. Revenue--the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.

16. Direct Labor--total employees' salaries and wages.

17. Other Direct Expense--any other costs directly related to the particular activity (excluding depreciation).

18. Gross Margin--the revenue available to cover other expenses after direct expenses have been deducted.

19. Insurance--includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.

20. Profit (Loss) Before Income Tax--net income derived from all area operations after direct and other expenses have been deducted from total revenue

21. Current Assets--assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.

22. Gross Fixed Assets (GFA)--the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.

23. Depreciation--the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.

24. Other Assets--any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.

25. Current Liabilities--liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt–borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of non-payment.

27. Long Term Subordinated Debt–all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.

28. Invested Capital–the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.

29. Retained Earnings (Loss)–cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity–is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.

31. Operating Profit–is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. Utilization–is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.

33. Capital Cost (GFA)/Capacity Ratio–is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.

34. Operating Cost/Capacity Ratio–is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit–is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.

36. Days/nights of Operation–is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

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